

FINANCIAL TIMES

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Ford Motor is planning to overhaul its European operations, following a sharp increase in losses there during the summer...

Interior minister and Communists unite to launch attack against national security chief

Mr Victor Chernomyrdin, prime minister, and Mr Anatoly Chubais, head of the presidential administration, will today meet the heads of the "power ministries"...

Time Warner: Popular interest in the Olympics, higher cable TV revenues and a string of hit films boosted Time Warner's cash flow by 22 per cent...

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Arrests in kidnap case: German police searching for kidnapped multi-millionaire Jakub Fiszmann arrested five people and recovered DM4m...

Fight leads Nicaragua polls: Campaigning for Sunday's Nicaraguan general election stopped last night with most opinion polls giving Arnoldo Alemán's rightwing Liberal Alliance...

US blocks trade move on Cuba: Washington refused to agree to the rapid creation of a World Trade Organisation panel...

Kodak-Fuji dispute: The World Trade Organisation is to set up a panel to look into a US complaint that Japan rigs its photofilm market to exclude foreign products...

FT.com: The FT web site provides online news, comment and analysis at http://www.ft.com

Table with columns: STOCK MARKET INDICES, GOLD, DOLLAR, US LIBOR RATES, OTHER RATES, NORTH SEA OIL (Argus), STERLING.

Table with columns: Currencies, Indices, Commodities, and other market data.

The European Commission yesterday declined to define the precise level of economic weakness a country must face before it would be allowed to run a large deficit within a single currency zone...

All EU members back the principle of a stability pact, but the majority are shying away from calls by Germany for a highly restrictive interpretation...

Commissioners supported proposals for heavy fines against countries which failed to control their budget deficits after joining the single currency...

Mr Santner warned his colleagues that the proposal to quantify a recession as a drop of 1.5 per cent of gross domestic product...

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Advertisement for PHILDREW VENTURES with large text 'THE OCTOBER REVOLUTION' and promotional text about investment services.



# Prevention is the aim to deter lax budgeting, but sanctions are less than Germany hoped for Commission fashions Emu stability stick

Germany is discovering that there are limits to its power to set the terms of economic and monetary union.

This is the chief lesson to emerge from the European Commission's first full debate yesterday on the rules governing currency and budgetary discipline in the post-Emu world.

The Commission discussion highlighted the political tensions in the Emu project, notably over German demands for a "Stability Pact" to guarantee fiscal discipline among countries participating inside the future single currency zone, and the extent to which national parliaments should enjoy some leeway in setting budgetary policy.

Mr Theo Waigel, Germany's finance minister, called for a Stability Pact last year as a means of ensuring that the euro, the future single currency, should remain as strong as the D-Mark. His idea was to use the threat of automatic draconian fines to ensure sound public finances among Emu participants, while simultaneously restricting countries' leeway for loosening the fiscal straitjacket once they enter Emu.

The principle of a tough Stability Pact was endorsed at a meeting of EU finance



Santer, left, and de Silguy, right, forced to withdraw proposals close to those sought by Waigel, centre

ministers in Dublin last month which also agreed on the outline of a new exchange rate mechanism (ERM2) for countries not taking part in the future euro zone. In each case, the new rules helped to clarify ambiguities in the Maastricht treaty.

The progress in Dublin impressed financial markets and strengthened the credibility of the Emu project; but now the hard bargaining has begun on the precise terms of the Stability Pact.

The spirit of the Commission paper agreed in Brussels yesterday can best be summed up with its own slogan: prevention is better than cure. It falls into three separate areas:

- **Prevention.** Countries will be obliged to adopt "stability programmes" containing budgetary goals which will be submitted to the European Commission and EU finance ministers within two months of the plans going to national parliaments.

The medium term objective should be equilibrium or surplus but there should be a breathing space for annual cyclical variations, albeit without breaching the Maastricht treaty's target of 3 per cent of gross domestic product. At the same time, the Commission will operate an

early warning system for identifying and correcting budgetary slippages.

- **Deterrence.** If a country gets into difficulty, it faces a threat of sanctions according to a clear timetable. Delinquent states would be given a 10-month warning if their budget deficits exceed 3 per cent of GDP. If a country fails to reduce its deficit, the decision-making Council of Ministers would order it to lodge a non-interest bearing

deposit with the European Commission. If the excessive deficit remains after two years, it would be changed into a definitive fine paid to the EU budget.

The sanctions - to be approved by a two-thirds majority of the votes of Emu participants - would be made up of a fixed element equivalent to 0.2 per cent of the country's GDP, plus the equivalent of one-tenth of a per cent of GDP for every 1

per cent over the 3 per cent maximum, up to a ceiling of 0.5 per cent.

- **Flexibility.** The Maastricht treaty does allow for leeway if governments breach the 3 per cent deficit limit in "temporary and exceptional" circumstances. The Commission text says this should apply when resulting from "an unusual event outside the control of the relevant member states and which has a major impact on the financial position of the general government, or when resulting from a severe economic downturn, in particular in the case of significant negative annual real growth".

This language falls short of the original German demands for a fixed target of negative growth of 2 per cent. While the Commission has deliberately left open the prospect of tougher language, the omens do not

## Erbakan survives criticism on Libya

By Kelly Couturier in Ankara

Mr Necmettin Erbakan, the Turkish prime minister, yesterday headed off a bid by opposition MPs to topple his government.

In a parliamentary debate, he faced furious criticism of a trip he made to Libya this month that turned into a foreign policy fiasco after Col Muammer Gaddafi, the Libyan leader, publicly criticised Turkey for its ties to the west and its hard line against Kurdish separatists.

The Islamist Mr Erbakan, whose trip was part of a drive to move Turkey closer to the Islamic world, returned from his three-nation African tour - which included stops in Egypt and Nigeria - to calls for his resignation and three parliamentary censure motions against his three-month-old coalition government.

But yesterday MPs voted by 275 to 256 against convening a censure debate against the prime minister.

Mr Mesut Yilmaz, leader of the main opposition Motherland party, said the government had been "found guilty by the Turkish nation. Under this government, Turkey's foreign policy is not respected and its reliability is being questioned."

Mr Erbakan's Welfare party is in coalition with the True Path party, the main centre-right rival to Motherland, led by Mrs Tansu Ciller, the foreign minister.

The vote came as progress was announced on one of the issues Mr Erbakan discussed with Col Gaddafi - a plan for partial repayment of Libya's \$348m debts to Turkish contractors, which was due to be paid in 1994.

Mr Barlas Turan, head of the Association of Turkish contractors in Libya, told the Reuters news agency that "legal procedures are complete concerning \$188m" in repayment and \$60m would be paid immediately with instalments of \$4m to follow.

# Brussels' legal proposals 'step in right direction'

By Gillian Tett, Economics Correspondent

The European Commission yesterday established another crucial building block of European Monetary Union by publishing its long-awaited legal proposals.

The proposals, which will now be discussed by governments, were welcomed by business groups - particularly since they pledge that contracts will not be disrupted by Emu.

Mr Nikolaus Boemcke, secretary general of the European Banking Federation, said: "We are very relieved to have this spelt out in black and white - this

makes it clear that no party can use Emu to walk away from a contract."

But in a politically sensitive move, the Commission has split the legal proposals in two - non-Emu members will not be able to vote on some of it. And though the Commission's proposals cover the European Union countries, it remains crucially unclear whether they will be recognised in other areas, such as the New York financial markets.

Mr Jeffrey Golden, a partner at the US and UK law firm Allen and Overy, said: "This is not the end of the road. But it is a step in the right direction."

Publication of the legal framework follows months of debate between the Commission and business groups.

The process has proved tortuous partly because of business concerns that Emu might disrupt legal contracts. There has also been uncertainty about how the Emu conversion rates and use of the new currency would be enforced.

But the Commission has faced a separate problem in choosing the Maastricht treaty basis for the proposals. For although treaty article 109(4) could be used, it only applies to Emu members after 1999.

The Commission's solution to this has been to split the proposals into two. Some proposals will be introduced under article 235, which applies to all European Union members. This move carries the risk that some states could veto it. But it has the advantage that it could be introduced as early as next year.

The points covered by this article include:

- a provision that the Ecu will be replaced by the euro at a rate of one to one, with a "presumption" that this shall apply to all Ecu
- a pledge that the introduction of the euro "shall not have the

effect of altering any term of a legal instrument... nor giving a party the right unilaterally to alter or terminate a legal instrument."

- a stipulation that conversion rates will be rounded "to six significant figures".

This last point is particularly important, since it allows planning of computer systems specifications.

The rest of the legal framework, which focuses on the transitional arrangements between 1999 and 2002 and other monetary issues, will be introduced under 109 (4). This covers points such as

- a provision that any debt

between 1999 and 2002 can be paid "by the debtor either in the euro or in that national currency unit."

- a pledge that member states can switch government bonds and financial markets to euros.
- and confirmation that notes and coins in national currencies will remain legal tender until 2002.

Non-Emu members will not be able to vote on these principles, and doubts remains whether they will have force in the UK.

Lawyers in London suspect that the UK government may have to introduce additional legislation to reinforce the Commission's proposals.

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extend retail

ers go to law

declines in Italy

Friday, October 18  
at 11:00 pm (French time)

New numbering plan in France

How to call numbers in France from another country.

On October 18, 1996 at 11:00 pm French time (9:00 pm UTC), France will switch to a new telephone numbering plan. These changes anticipate for the ever increasing volume of telecommunications traffic in France (new services, fax, mobile phones, etc.). This new plan provides a reserve of numbers for several

decades to come and marks a further step towards harmonization with European directives and international recommendations.

This New Numbering Plan applies to all numbers you call in France. To call a number in France from another country, simply dial the country code 33, followed by a 9-digit number.

### 9 digits to call all numbers

To call Paris and the Paris region.

There are no changes. You will continue to dial the 9-digit number which begins with 1.

For example: +33 1.....

To call the "provinces" (other regions).

Depending on the location, dial 2, 3, 4 or 5 in front of the current number, which remains the same.

The digits to be added are shown on the area code map and in the area code table.

For example: +33 20..... becomes +33 3 20.....

To call mobile numbers and special services.

To call a mobile phone, dial 6 before the current 8-digit number.

To call special services (videotex, audio-tex), dial 8 before the existing 8-digit numbers, which remain the same.

Add:	To the current number beginning with:	Add:	To the current number beginning with:
6	01	6	07
6	02	6	08
6	03	6	09
6	06	6	36

To call French overseas "départements" and territories (DOM - TOM).

There are no changes. You dial the 3-digit access code, followed by the 6-digit subscriber number.

For example: +590..... for a number in Guadeloupe.

Remember...!

Don't forget to update your personal directories. If necessary, plan for the updates of all French numbers (including speed dialing) stored in your equipment: telephones, fax machines, modems, etc.

How to phone when you are in France.

For all calls within France, dial 0 before the 9-digit number. The domestic long distance access code, 16, will no longer be used. To call another country from France, dial 00 (instead of 19).

France Telecom

NEWS: WORLD TRADE

Developing countries divided despite Ruggiero's assertion of a 'compelling case'

# WTO push for investment rules pact

By Frances Williams in Geneva

The World Trade Organisation yesterday argued that poorer nations would benefit from international investment rules negotiated in the world trade body.

In a report, apparently aimed at convincing doubtful developing countries, the WTO secretariat said: "Only a multilateral negotiation in the WTO, when appropriate, can provide... a global and balanced framework," noting that trade and investment decisions were increasingly bound together.

Mr Renato Ruggiero, WTO director-general, last week said the report made a "compelling case" for WTO work on the subject. But it has been attacked by trade diplomats from developing coun-

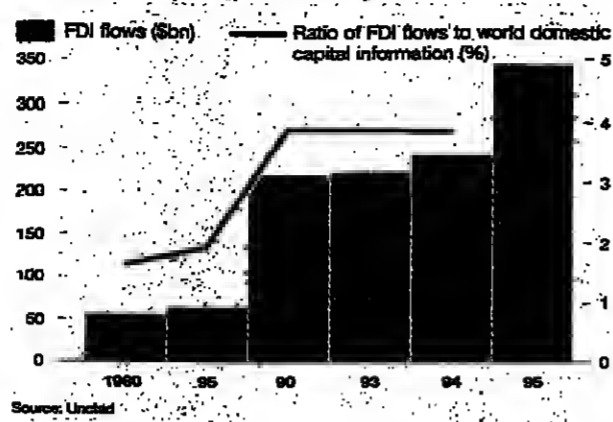
tries which fear a pact would compromise governments' ability to decide on development strategy and industrial policy.

Mr Srinivasan Narayanan, India's WTO ambassador, said the secretariat, normally seen as impartial, was "trying to push one particular point of view on this subject".

India, Malaysia, Pakistan, Egypt and Tanzania are among a core group of developing countries opposed to any WTO consideration of investment for the time being. They want discussion confined within the UN Conference on Trade and Investment, which focuses on development aspects of investment and trade.

However, other developing countries, notably in Latin America, are willing to sup-

Foreign direct investment



port a proposal by Canada and Japan for a parallel WTO work programme on investment, which could pave the way for talks on a multilateral investment

accord by the turn of the century.

The proposal also has the backing of the European Union, which favours a WTO investment pact. The US

supports an "educational" work programme on investment but is giving priority to talks under way in the 27-member OECD on a multilateral agreement on investment.

The secretariat report, released ahead of the WTO's annual survey of world trade next month, said the evidence left little doubt that foreign direct investment benefited recipient countries. But it warned that the proliferation of bilateral and regional investment treaties threatened the coherence and predictability of global trade and investment.

A WTO accord would benefit developing countries by: ● guaranteeing a secure and stable environment for investors; ● curbing beggar-my-neighbor investment incentive

schemes which favour countries with deep pockets;

● offering protection from discrimination by regional pacts;

● taking into account interests of developing countries, especially the poorest, which receive little investment.

"WTO members are confronted with a basic policy choice," the report said. Do they continue with the present fragmented approach or seek "a comprehensive and global framework that recognises the close linkages between trade and investment, assures the compatibility of investment and trade rules and, most of all, takes into account in a balanced way the interests of all members of the WTO - developed, developing and least-developed alike?"

Editorial Comment, Page 13

# Brazil cries foul over chicken tariffs

By Jonathan Wheatley in São Paulo

Brazil is preparing to request World Trade Organisation consultations over an EU tariff system which exporters of chicken and turkey products say has cost them \$40m in lost revenues over the past two years.

"We have held informal talks with the EU without progress and we have now reached the point at which changes must be made," said Mr José Alfredo Graça Lima, head of economic affairs at Brazil's foreign ministry. The decision to request con-

sultations had been taken, although no date had been set.

Brazilian exporters say they are being denied benefits due under a compensation scheme agreed in the Uruguay Round trade talks and in force since 1994. Under the scheme, the EU grants zero tariffs on a range of prime meat products to exporters from countries adversely affected by EU subsidies paid to producers of vegetable oils.

Quotas for zero tariffs on prime beef products are divided among producer countries by exporters. But

exporters of chicken and turkey products say their quotas are allocated by importers in the EU and not made public.

"Importers use the quotas to avoid duties, but exporters don't know if their products are affected or not, so there is absolutely no benefit to the producer countries," said Mr Claudio Martins, of the Brazilian Association of Chicken Exporters (ABEF).

The EU grants zero tariffs on 15,500 tonnes of prime chicken cuts and 2,500 tonnes of turkey a year, divided among seven countries. Mr Martins said Brazil

was the only "traditional" supplier to the EU among the seven and should receive more than its 46 per cent allocation.

"Thailand and China, which are big beneficiaries, are not affected by the EU subsidies, and China isn't even in the WTO," he said.

The ABEF said Brazilian exports of prime chicken cuts fell from 28,500 tonnes in 1994 to 19,000 tonnes last year. "Part of this is explained by higher domestic demand, but the main reason is European protectionism," Mr Martins said. A member of an EU dele-

gation in Brasilia said Brussels was working on a solution to the dispute. He was confident an agreement would be reached without recourse to the WTO's dispute settlement procedure.

China has banned imports of poultry from 10 US states, threatening an export market worth about \$500m a year because of fears of fowl plague, a US embassy official in Beijing said yesterday. Reuters reports, China is the second biggest market, after Russia, for US poultry products and is its only market for chicken feet.

# Panel to probe US photofilm complaint

By Frances Williams

The World Trade Organisation yesterday set up a panel of experts to investigate Washington's claims that the Japanese government operates hidden restrictions on imports of photofilm designed to prevent Eastman Kodak of the US competing fairly with Japan's Fuji Film.

At the same meeting of the WTO's dispute settlement body, Washington rejected a European Union request for a panel to rule on the US Helms-Burton law that penalises foreign businesses "trafficking" in confiscated Cuban assets.

Mr Booth Gardner, US ambassador to the WTO, urged the EU to think again about bringing what was essentially a foreign policy matter to the trade body for resolution. Echoing fears that the case will lead the WTO into a political minefield, Mr Gardner said Washington found it "difficult to see any desirable result for [the WTO], for the US or for other WTO members".

He also hinted the US would invoke the WTO's national security exemption in its defence before any panel, noting that some of the measures had previously been "expressly justified" in Gatt, the WTO's predecessor body, "as measures taken in pursuit of essential US security interests". The exemption has never been legally tested.

EU officials said yesterday they were not querying the aims of the anti-Cuba legislation in the WTO but the use of trade sanctions to force US policies on third countries and on companies based in them. The EU is to make a second panel request, which under WTO rules the US cannot block, at the next meeting of the WTO's dispute settlement body on November 20.

In the photofilm case the EU announced its intention to take part in the panel as an interested third party. Agfa-Gevaert of Germany has a small slice of the Japanese market, mostly selling under Japanese labels.

EU officials said yesterday they had not yet received a response from Japan, which has made the consultations with the US conditional on similar consultations on anti-competitive practices in the American market.

● The WTO yesterday set up a panel at Canada's request to rule on the EU's ban on hormone-treated beef.

# Sogecable in digital TV plan for Spain

By Tom Burns in Madrid

Sogecable, the Spanish satellite broadcaster which is controlled by Grupo Prisa, the domestic media company, plans to introduce Spain's first digital TV infrastructure next year in association with France's Canal Plus. The French group is one of Sogecable's biggest shareholders and will supply decoding technology.

The Spanish broadcaster, which will make an initial investment of Pta50bn (\$388m), yesterday said it had contracted seven digital relays in France's Astra satellite system and was negotiating the incorporation of DirectTV of the US to the venture.

The venture by Sogecable, which pioneered pay TV in Spain seven years ago with Canal Plus España, a network that now has more than 1.5m subscribers, has startled domestic regulators as it represents a shortcut into Spain for international media and telecommunications groups.

In a counter move, Telefonía, the partially privatised domestic telecoms operators, said it hoped to meet all Spanish television groups, including Sogecable, next week to examine proposals for a digital TV platform based on its own in-house technology and on

Hispasat, the satellite system owned by Telefonía in association with several state-owned agencies.

The offer by Telefonía, which held talks with Germany's Kirch group during the summer over a possible digital joint venture in Spain, seeks to head off the threat of a foreign telecoms group joining Sogecable. Its offer is backed by the ministry of development which has made it clear there should be only one platform serving the domestic market.

The Sogecable initiative also represents a direct challenge to RTVE, the government's financially troubled television network which operates two TV channels. RTVE, which will have accumulated debts of Pta406bn in 1997 after forecast losses of Pta56bn this year, had hoped to salvage its balance sheet by leading the domestic move into digital TV.

The RTVE blueprint was based on a partnership with Mexico's Televisa to supply Spanish language broadcasting in an alliance that would have Telefonía as its financial partner.

Fearful of any involvement with the near bankrupt RTVE, Telefonía has preempted such a partnership with its invitation to work with the entire domestic TV sector within the framework of a single platform.

WORLD TRADE NEWS DIGEST

## Hitachi chip patent action

Hitachi of Japan has filed a complaint against Winbond Electronics, a Taiwanese semiconductor maker, for alleged patent infringement. The Japanese group is seeking to halt US sales of Winbond's static random access memory (SRAM) chips, claiming they violate Hitachi patents. It is also seeking compensation for damages caused by the alleged infringements.

Winbond said the company had not received formal notice of the suit, which was filed in New York against the parent company and its US unit, Winbond Electronics North America. Winbond, controlled by the diversified Walsin Lihwa group, is Taiwan's third-biggest chipmaker.

Hit by a price war in the semiconductor industry, Winbond last week lowered its 1996 profit forecast by 54.6 per cent to T\$2.3bn (US\$83.6m), the second downward revision in five months. The company said it expected prices would continue to be weak.

Early this year, another Taiwanese chip-maker, United Microelectronics Corp, settled out of court in a long-running patent infringement suit brought by Intel of the US. Intel claimed UMC had copied designs for the central processing unit, or cpu, of computers and blocked US sales of UMC's chip.

Laura Tyson, Taipei

## Russia rocket deal agreed

Russia's Scientific and Technological Centre Complex (STC) has agreed to provide rockets for a Canadian venture planning a satellite launch centre in Churchill, a struggling grain port on the western shore of Hudson Bay. The Canadian group, Alkjet Aerospace, was formed three years ago to refurbish and expand a disused rocket range at Churchill.

The US\$300m facility, to be known as SpacePort Canada, will specialise in launching small and mid-sized satellites into low, polar orbits. The satellites, weighing 100lb-4,000lb, would be used mainly for communications, remote sensing, research, and agricultural and environmental monitoring. Among the companies planning communications satellite networks are Motorola, GE Starsys, Loral, and Orbital Sciences Corp.

Ms Siobhan Mullen, Alkjet's president, said the project was delayed for several years by unexpectedly slow progress among satellite operators, designers and manufacturers.

However, Alkjet hopes to sign its first contract early next year and to launch its first satellites in late 1998. The rocket to be provided by STC will be a commercial variation of the SS-25 inter-continental ballistic missile.

Bernard Simon, Toronto

## Akzo Nobel mulls salt plant

Akzo Nobel of the Netherlands is considering setting up a salt company in Australia to supply the Asian market. The Australian plant, planned to be a low-cost producer, would have initial output of 2.5m tonnes of sea salt, rising to 6m tonnes.

A previous plan to set up a salt company in co-operation with the Chinese government foundered due to the number of restrictions imposed by the Chinese authorities, a company official said.

APX, Arnhem

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حکومت القبر

Quick end to the fighting would be seen as setback to Saddam's renewed influence

# US races to clinch Kurdish ceasefire

By Roush Khatif in London

US officials were yesterday scrambling to secure a ceasefire between rival Kurdish factions in northern Iraq as the anti-Baghdad Patriotic Union of Kurdistan fought to cut the Kurdistan Democratic party's main supply lines.

Mr Robert Pelletreau, US assistant secretary of state, contacted both Mr Jalal Talabani, leader of the PUK, and Mr Massoud Barzani, head of the KDP, in an effort to arrange an end to the fighting. As a KDP delegation arrived in Washington for talks, Mr Talabani told the pan-Arab daily newspaper Al-Hayat that he would soon meet Mr Pelletreau in an Arab capital.

British diplomats said Mr Talabani was ready to agree a ceasefire and to meet Mr Barzani face to face. Last month, after asking for help from Baghdad, Mr Barzani won control of virtually all of Iraq's Kurdish north. But in the last four days Mr Talabani has struck back, regaining about 60 per cent



of the Kurdish territory. While agreeing to a ceasefire in principle, and telling western officials he has no intention of trying to recapture Arbil, the regional capital, for fear of drawing Iraqi troops back into the fighting, Mr Talabani was yesterday trying to strengthen his negotiating position by pushing to cut the KDP's main communication lines between the towns of Dohuk and Sulaimaniya.

US officials said yesterday that while a quick end to the fighting would present an opportunity for a renewed

US role in northern Iraq, and represent a setback to Iraqi President Saddam Hussein's renewed influence among a section of the Kurds, they viewed the dangers of an escalation with alarm.

"The current situation presents some opportunities. There can be some good that comes out of it," one US official said. "But as long as the fighting continues, the risks outweigh any opportunity that might be developing."

The main risk is that a continuing PUK offensive could send Mr Barzani, who has sought to distance him-



President Saddam Hussein of Iraq is applauded by party members in Baghdad yesterday

self from Baghdad in recent weeks, back into the arms of Mr Saddam. Iraqi Republican Guards were yesterday moving north from Baghdad. Meanwhile, Iraq accused neighbouring Iran of interfering on the side of the PUK and sent an envoy to meet Mr Ali Akbar Hashemi Rafsanjani, Iranian president.

Renewed Iraqi involvement would once again present a dilemma for US policy and highlight the limitations of "dual containment" of Iraq and Iran. The US responded to Mr Saddam's incursion into the north last

month by firing 44 Cruise missiles against the Iraqi air defence system in the south. But its actions won little support from its partners in the 1991 Gulf war.

Although there is no evidence of direct Iranian involvement in the current fighting, Tehran has no doubt provided the PUK with logistical support, according to diplomats. Tehran is likely also to have provided financial help.

British officials said yesterday that the PUK's spectacular progress could be partly explained by its hav-

ing taken over rivals' vehicles and weapons left after a three-day KDP offensive on the PUK last week. Both Kurdish factions have also been victims of their own propaganda. The main city of Sulaimaniya, a PUK stronghold, fell easily to the KDP in September after the PUK publicised allegations that Republican Guards were on their way.

Similarly, KDP claims that Iranian troops were fighting alongside the PUK led many KDP fighters last weekend to abandon their positions in Sulaimaniya.

## INTERNATIONAL NEWS DIGEST

# Levy upbeat over Hebron

Mr David Levy, Israel's foreign minister, yesterday said the remaining differences between Israeli and Palestinian negotiators over troop redeployment from the West Bank town of Hebron "could be solved in a few hours".

In a statement made to the Knesset, he insisted there had been significant advancement in talks in recent days and asked Mr Yassir Arafat, president of the Palestinian Authority, to give the green light to his negotiating team to accept the agreement. "What is left can be solved in just a few hours," Mr Levy said.

But Mr Arafat, who was holding talks in Cairo with Mr Hosni Mubarak, the Egyptian president, dismissed any suggestion of progress. He accused Israel of presenting new proposals aimed at changing the terms of the 1995 Israeli-Palestinian interim agreement for the long-delayed Israeli troop redeployment from Hebron.

He said proposals for the redeployment would divide Hebron as the Israeli government was determined to establish new security measures for the 20 Jewish families living in the centre of the city and other Jewish settlements around the city.

According to Palestinian negotiators, Israel wants the right of "hot pursuit" into territory controlled by the Palestinian authorities if any settlers were attacked or if Israel wanted to crack down on Hamas, the Islamic resistance movement.

Judy Dempsey, Jerusalem

## IMF pledges aid for Angola

The International Monetary Fund said yesterday it believed the Angolan government was serious about economic reform and pledged to set up a three-year emergency programme worth up to \$75m.

The IMF withdrew its representative from the oil and mineral-rich country last year after the MPLA-led government failed to implement reforms for the fourth time since 1987.

But after three days of talks with President José Eduardo dos Santos and his recently reshuffled government, Mr Michel Camdessus, IMF managing director, said he was confident things had changed. The emergency programme under the extended structural adjustment facility will make available up to 25 per cent of Angola's \$300m quota.

Reuters, Luanda

## Taliban defies ultimatum

Fighting flared north of Kabul yesterday as radical Taliban leaders defied an ultimatum to quit the Afghan capital and neighbouring Iran called for peace talks. The worsening conflict in Afghanistan has aroused concern in Iran, Pakistan and central Asian countries, some of which fear that the Taliban's Islamic zeal could spill over their borders.

Taliban jets bombed the strategic town of Jabal Os-Siraj, held by the ousted government military chief General Ahmad Shah Massoud, for a second successive day, witnesses said. A Taliban spokesman in Peshawar said more than 1,000 fighters had launched an offensive yesterday in the Bagram, Charikar and Qara Bagh areas between Kabul and Jabal Os-Siraj and were advancing.

In Kabul, Mr Amir Khan Mutagi, acting information minister, responding to a call by Gen Massoud to leave the city or face bloodshed, said Taliban would defend the capital.

Reuters, Kabul

# Multinationals raise profiles in Nigeria

By Paul Adams in London

A year after the government eased controls on foreign investment, the ownership of Nigeria's non-oil sector is taking shape.

Multinationals discreetly raising their stakes above the old 40 per cent limit to take control of their Nigerian operations account for most of the estimated \$5m of foreign investment in the first half of this year.

This is a modest total for a country of 100m people, but if the military regime hoped that lifting controls on foreign equity and exchange rates would open a floodgate for investors, the move came too late. The days of quick returns, for all but a privileged few, are over and years of economic misrule

have plunged consumer spending to a new low.

Nigeria's political uncertainty, had infrastructure and security, and low skill levels deter all but the most committed from investing in sub-Saharan Africa's second largest market.

Established companies such as Unilever, Paterson Zochonis, Guinness and Nestlé are in Nigeria for the long haul. With the capital to replace old plant and the management to cut costs, these groups increasingly dominate their sectors.

Last year's legislation offers these multinationals the chance to take full control of their Nigerian boards.

Prices of blue chip stocks have risen sharply in the past year, if

they can be bought at all. But multinationals which formed smaller subsidiaries in Nigeria, permissible from 1990, can merge them with their main operations to take full control.

Unilever was first off the blocks last November. The Anglo-Dutch group merged assets divested two years ago from UAC, its original flagship in Nigeria, with Lever Brothers Nigeria to raise its combined stake in the country's biggest food and detergent conglomerate to just over 50 per cent.

This month's sale of its minority stake in Nigeria's leading brewery to senior partner Heineken completes the reshuffle of Unilever's portfolio, which retains the lucrative Caterpillar dealership, a joint venture with UAC.

Swiss rival Nestlé followed suit last month. Nestlé Foods Nigeria, 40 per cent held by the parent, took over a 70 per cent Swiss-owned sister company to give the multinational 53 per cent of the combined company.

Paterson Zochonis, the UK-based detergent and consumer group which derives much of its earnings from Nigeria, is on the same path. Buying shares on the market took the parent company's holding in PZ Nigeria to 45 per cent.

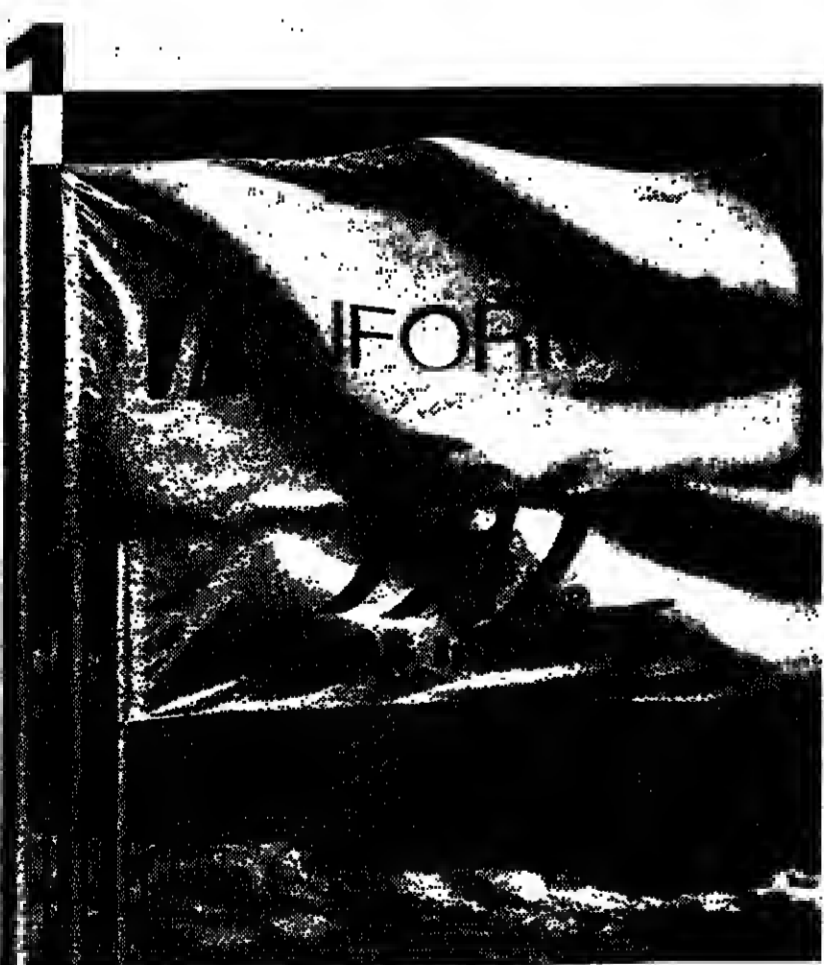
But on November 20 shareholders in PZ Nigeria will vote on a proposed merger with PZ's white goods subsidiary Thermocool to give the Manchester-based group control of the combined business. By early next year UK drinks

group Guinness is expected to take a majority share of operations in Nigeria, its third largest market for stout, by converting loan stock into equity.

Citibank's increase in shares in Nigeria International Bank from 40 per cent to 75 per cent was a private transaction but it created the only foreign subsidiary - soon to be renamed Citibank Nigeria - in a sector undergoing a drastic shake-out.

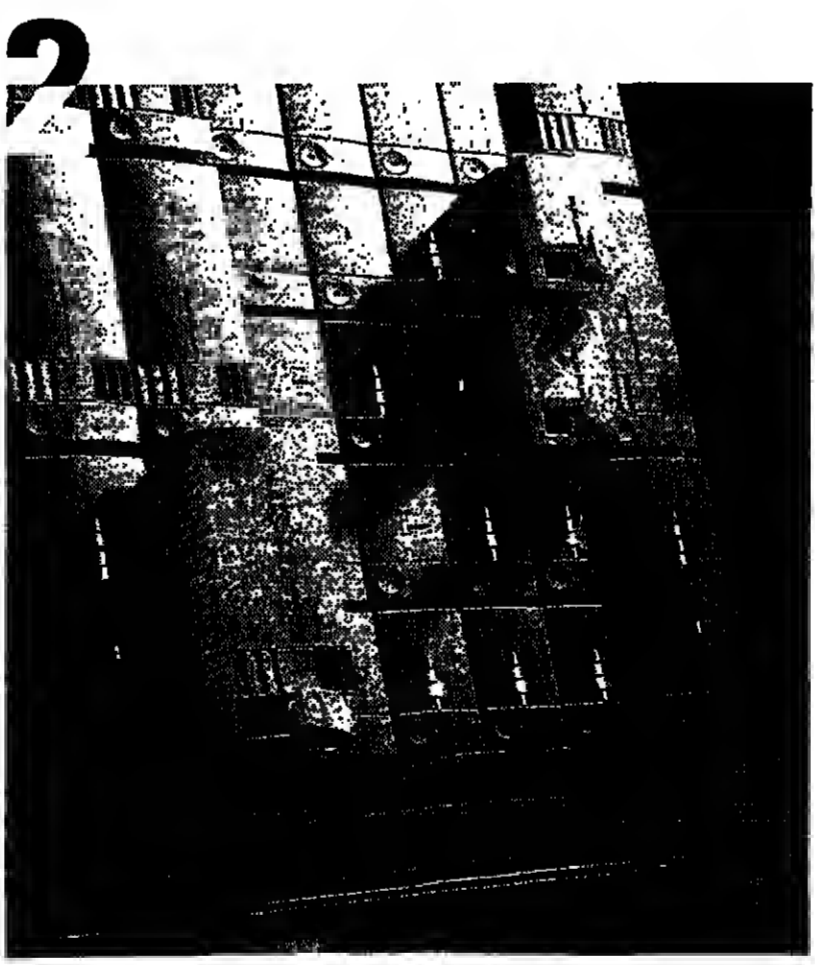
Other established multinationals will increase their Nigerian holdings but newcomers, except in oil and possibly mining, are unlikely. Nigeria was rated the least attractive country for investment out of 40 assessed by British businesses in a recent survey by Control Risks Group.

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# Siemens Nixdorf: User Centered Computing

Indian premier chides industry

By Mark Nicholson in New Delhi
Mr H.D. Deve Gowda, India's self-proclaimed "humble farmer" prime minister...

Mr Gowda, ostentatiously dispensed with a 17-page speech for the associated chambers of commerce and industry...

He also criticised foreign "misconceptions" that India was politically unstable, or that his government might roll back five years of reforms...

He asked his business audience why China had managed to attract far more investment than India...

William Dawkins on a Communist party back in favour
Japan's Leninist contradiction



Prime Minister Hashimoto seeking a majority, Communists notwithstanding

It may seem odd in a society held to be as conservative as Japan's that many voters are poised to support their local Communist...

The JCP could double its seats in the lower house of parliament to 30, perhaps more, political analysts in Tokyo agree...

Then the break came. A Communist beat candidates from all the main parties to become mayor of Komae...

Accordingly, the Communists started to attract high scores in local elections straight after the LDP's humiliation...

one SDP candidate vainly trying to attract attention. At the opposite entrance, Mr Kazuo Shi, the JCP's secretary general...

The JCP's success is in part thanks to a rejection of the middle and perceived venality of the mainstream parties...

Then the break came. A Communist beat candidates from all the main parties to become mayor of Komae...

ment became serious last February when a Communist came within less than 1 per cent of winning the mayoral election in Kyoto...

The curious thing is that, on paper, the JCP is one of the most extreme Communist parties outside North Korea...

The party's actual stance is moderate, however, tuned to a largely middle class society, still prosperous in spite of nearly five years of economic stagnation...

ASIA-PACIFIC NEWS DIGEST

Australia rate cut hopes hit

Anstralia's Reserve Bank yesterday quelled expectations of a further cut in official interest rates, saying this would depend largely on the level of wage inflation...

In its quarterly report yesterday, the RBA said there might be "potential for the economy to grow a little faster than at present without threatening inflation"...

Pakistan seeks market loans

Pakistan, faced with heavy debt repayments in October-December, is trying to raise money from international markets, analysts said yesterday...

Such reliance on short- and medium-term commercial borrowing could worsen the current account position by adding to an already onerous debt service burden...

Congress threat to Delhi

The Congress (I) party threatened to bring down India's government yesterday after accusing it of "playing into the hands" of Hindu nationalists following state elections...

Congress wants Prime Minister H D Deve Gowda to endorse a leader of the Bahujan Samaj Party (BSP), as chief minister of the state at the head of a coalition administration...

The BJP, which won 174 of the 425 seats in the September-October state elections, formally asked Uttar Pradesh governor Romesh Bhandari yesterday to be allowed to form a government...

N Korea missile 'set for test'

The US yesterday sent a reconnaissance aircraft to monitor the possible imminent test firing by North Korea of a medium-range ballistic missile into seas off the Japanese coast...

An official from Japan's Self Defence Agency (SDF) said a US satellite had confirmed North Korea had moved a launch platform for the Rodong-1 missile...

Mongolia corruption claims

Mongolia's Edernet Copper, which accounts for 67 per cent of the country's export earnings, has become embroiled in a corruption scandal, officials were quoted as saying yesterday...

Japanese managers criticised

Japanese corporate managers are reluctant to sell off weak and unpromising subsidiaries, Mr John Welch, chairman of General Electric of the US, told the Kansai Association of Corporate Executives in Osaka yesterday...

All the blanks fit to print

Readers of the Sankei newspaper in Tokyo found much of yesterday's afternoon edition blank. Space usually taken by advertisements was left open in hopes that readers would learn to appreciate the importance of ads...

Proclaiming October 20 "Newspaper Ad Day", the paper, Japan's fourth-ranking national daily, published the blank spots only in the afternoon edition...

Clinton may go to China in 1997

By Tony Walker in Beijing

The US and China appear to be laying the foundation for improved relations following the US presidential elections in November...

Mr Winston Lord, assistant secretary of state for east Asian and Pacific Affairs, met Mr Liu Xiangqun, China's deputy foreign minister...

The US administration, under pressure from critics of China's human rights record, refused to schedule reciprocal presidential visits during Mr Clinton's first term...

Sino-US relations appear to have improved markedly in recent months but remain susceptible to pressures over a yawning trade deficit...

Relations chilled last year following a visit to the US by President Lee Teng-hui of Taiwan...

In Washington, Mr Nicholas Burns, State Department spokesman, said there was unlikely to be any restriction on issues discussed by Mr Lord in Beijing...

Mr Christopher was originally scheduled to visit China earlier this year, but his mission was postponed...

Exports of garments and textiles dropped 4.5 per cent and 17.9 per cent respectively but machinery and electronic items were up 8.5 per cent...

Boost for state sector exports

By Tony Walker

Increased government support for China's ailing state sector is expected to boost flagging exports in the second half of the year and improve the outlook for the country's balance of payments...

The Development Research Centre, a research institute under China's state council, or cabinet, said government efforts to "buff up" credit support for state companies would stimulate exports and overcome a "slump in the sector"...

The DRC is forecasting a \$6bn-\$8bn surplus for 1996, a significant improvement on earlier predictions that China would record a small trade deficit...

China's state companies recorded their worst results since the 1949 revolution in the first six months, but an easing of tight credit is expected to improve competitiveness in international markets...

Beijing instituted a credit squeeze in mid-1995 to curb an overheating economy and bring inflation down...

The DRC forecast coincides with September figures which showed China recorded its highest monthly trade surplus for the year...

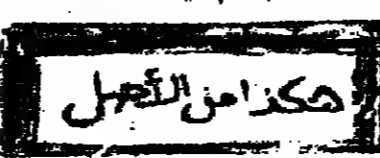
The research body said tax rebates to exporters were being accelerated to assist exports further and banks had increased credit support to state trading companies...

In the nine months to September, China's total trade reached \$199.9bn, up 1.1 per cent on the same period last year...

THE SUCCESSSES CONTINUE... A grid of financial deals including Fletcher Challenge, Ascot Holdings Plc, Ashanti, British Coal, Streamline, GATWICK EXPRESS, and Lifes and Windward Islands.

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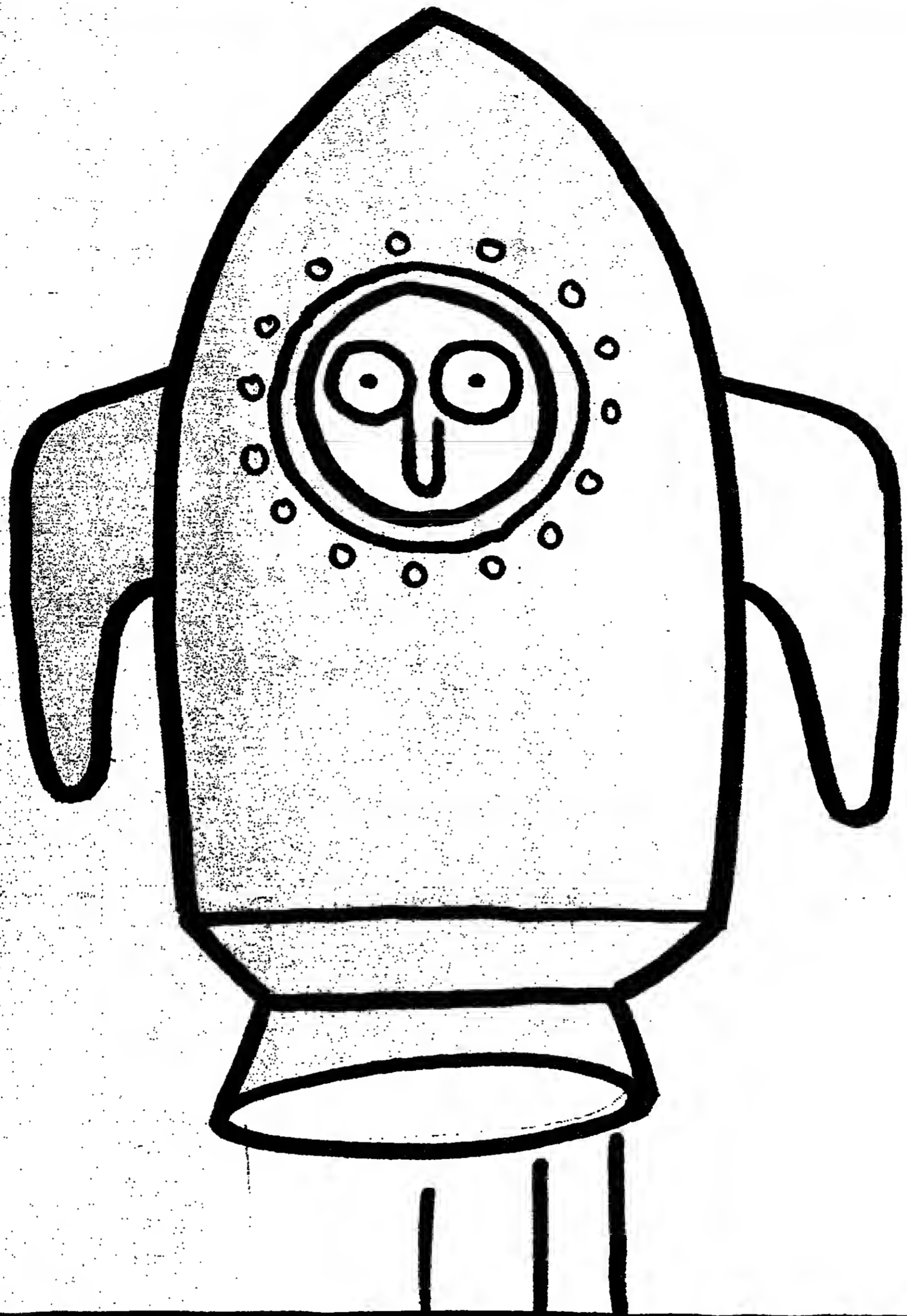
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association with  
state-owned operator  
The offer by Telefónica  
which held talks with  
Spain's King group  
the summer over a  
digital joint venture  
Spain, seeks to buy  
threat of a foreign  
group buying control  
of it is backed by the  
set of development  
has made it clear  
would be left on a  
selling the company  
The Spanish state  
and represents a  
move to RTVE, the  
public television  
operator, which has  
been a focus of  
criticism since 1995  
when it was  
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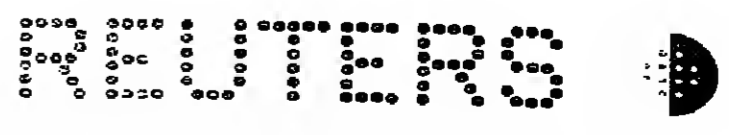
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NEWS: THE AMERICAS

# Long delay in opening up US telecoms

By Richard Waters in New York

The opening of the \$100bn US local telephone markets to competition seemed set for considerable delay yesterday, following an appeal court's decision on Tuesday to put a temporary block on Washington's plan for deregulation.

The threat comes eight months after Congress passed a sweeping Telecommunications Act to end the monopolies enjoyed by the country's local telephone companies, or 'Baby Bells', and to allow greater competition in the long-distance market.

It also represents a considerable setback for Mr Reed Hundt, chairman of the Federal Communications Commission, who has tried to use the act as a platform for setting nationwide ground rules to govern how deregulation proceeds. Mr Hundt has come under attack from local telephone companies, which claim he is imposing new and unnecessary regulatory machinery on the industry.

On Tuesday, a federal appeals court in Kansas City put a temporary stay on the key aspects of the FCC's plan. Published in August, its so-called "interconnection rules" were meant to govern the financial terms on which rival companies link their telephone networks, making it possible for customers to choose between different carriers.

The appeal court decided, though, that the FCC's attempt to influence the way prices are set between local and other telephone companies ran counter to the Telecommunications Act, since it would impose "optional pricing rules for what is essentially local service".

# Menem rejects corruption claim

By David Pilling in Buenos Aires

President Carlos Menem yesterday vehemently denied accusations by Mr Domingo Cavallo, his former economy minister, that Argentina's justice system was corrupt and manipulated by the administration.

"It's a lie what he says... In Argentina, we have fully functioning democracy, freedom, justice and legal security," said Mr Menem. "Any dishonest judges have been sent to jail."

There was no evidence that the justice system had dragged its feet over cases of alleged misconduct involving members of his administration, said Mr Menem. "There's a lot of criticism of the justice system here that has no basis in fact."

Mr Menem, who has been criticised for allowing corruption to fester within his administration, last week announced what appeared to be a change of course, saying he would put himself "at the head of the battle against corruption". In particular, he promised to get to the bottom of massive fraud at the customs service.

Observers said the president's change of attitude may have been prompted by a desire to boost his flagging popularity and to steal from the opposition one of its main campaigning themes. But once the Pandora's box of corruption had been opened, they warned, the issue could become uncontrollable and engulf the administration as had happened in Italy.

Mr Cavallo on Tuesday accused Mr Carlos Corach, interior minister, of boasting that federal judges were under his thumb. Mr Corach had even written the names of the judges under his direct control on the back of a napkin, Mr Cavallo alleged.

Argentine courts have become a political battleground, with several officials appointed by Mr Cavallo facing trial. Most serious is a case involving IBM of the US and state-owned Banco Nación.

# New York Fed holds Nazi gold hoard worth \$25m

By John Authers in New York and William Hall in Zurich

The New York Federal Reserve holds gold worth almost \$25m which was originally looted by the Nazis during the war, it was revealed yesterday in public hearings held by Mr Alfonso D'Amato, chairman of the US Senate banking committee.

The admission was made by the Fed in a letter to Mr D'Amato. The gold was shipped to the US from the Tripartite Commission for the Restitution of Monetary Gold, which was set up after the war to redistribute looted assets.

Jewish organisations in the US greeted the news as a "bombshell". Mr Elan Stein-

berg, chief executive of the World Jewish Congress, said the finding showed looted gold had been spread widely. Speaking outside the hearing, he said: "There are two tons of looted Nazi gold four blocks from here".

Mr D'Amato used the hearing to launch an attack both on Swiss banks and the way the issue has been handled by the Swiss government.

He fiercely criticised the Swiss government commission which will investigate the issue. "We want real co-operation and this commission doesn't demonstrate any kind of good faith. It's not an independent commission and it has no real teeth."

The possibility it could take the commission as long as five years to report was

"unconscionable", given the extreme age of many of the Holocaust survivors affected, he said. The youngest of the witnesses with assets held by Swiss banks who gave evidence yesterday was 70 years old.

The senator called for an independent commission, to be run by a non-Swiss third party, with broad powers of access and a tight time schedule.

This would be separate from the body chaired by Mr Paul Volcker, former chairman of the US Federal Reserve, set up to review the Swiss banks' efforts to trace and return the assets of Holocaust victims.

Mr D'Amato stressed his respect for Mr Volcker, but said his committee had so far done "very little other than structural work".

Mr D'Amato's latest attack on the Swiss banks will turn up the pressure on Mr Volcker. Jewish organisations are concerned that the terms of reference of the Volcker committee are too narrow, and are keen that its scope should be widened to enable a much wider search for looted assets hidden in the Swiss financial system.

The Volcker committee will meet in Zurich tomorrow to review efforts to choose an auditing firm which will undertake the technical investigation.

It is also expected to discuss the committee's terms of reference which will be critical to the success of the subsequent investigation.

# Dole may find California is not his natural turf

Jurek Martin reports from the election's most valuable prize

Mr Bob Dole is certainly sounding as if he has not given up on California, the largest single prize in the November 5 presidential election, with its glittering 54 votes in the electoral college.

In his Tuesday speech - most notable for its attack on the public ethics of President Bill Clinton and his administration - the Republican candidate touched most of the buttons which, to the state party, are this year's articles of faith.

He came out strongly in support of the California Civil Rights Initiative, which bars government involvement in affirmative action programmes for minorities and women. He demanded still tighter controls on illegal immigration. He condemned a ballot proposition sponsored by trial lawyers and designed to protect the rights of those filing damage suits.



Bidding for the Californian vote: Bob Dole (left) and Bill Clinton

This morning, fresh from his televised debate with Mr Clinton, he will head for Orange County, the Los Angeles suburb that has long been a Republican heartland. But that is where the president is bound, too, not so much intent on tweaking Republican noses as convinced by local polls that he has a fair chance of beating Mr Dole on what ought to be his home turf.

If indeed Orange County is a toss-up, then it follows that California itself, traditionally divided between a Democratic north and a more Republican south, is leaning heavily towards Mr Clinton.

That was the evidence of every opinion survey except the last one, in which Mr Mervyn Field found the president's lead cut in half to 10 points. The common view, from which Mr Field himself does not dissent, is that this poll, which created so much excitement in the Dole camp, might have been an illusion.

He told yesterday's New York Times: "There's a hard-core Clinton vote of close to 50 points, enough to win easily in a four-way race [including Mr Ross Perot of the Reform party and Mr

Ralph Nader of the Green party, both stuck at about 3 per cent]. Dole has never reached 40 points in our polls this year and he continues to trail, five to three, among women."

That reflects how hard Mr Clinton has worked the state over the last four years and the degree of credit he gets from its sharply recovered economy. He has visited the state 27 times as president, spent federal funds liberally in aiding conversion of defence facilities in southern California, and has tapped into Hollywood fund-raising as successfully as did Ronald Reagan, former Republican president whose acting career was based there.

By contrast, Mr Dole has been a peripheral figure, apart from his attacks on movie industry standards and the staging of the August party convention in the state. But he has a native Californian, Mr Jack Kemp, as his running mate. The Speaker of the House, Mr Newt Gingrich, is fearful of the loss of local congressional seats, and the Republican governor, Mr Pete Wil-

son, is equally nervous that the state assembly will revert to Democratic control. All are urging Mr Dole to fight hard.

Yet the Republican candidate and the state do not sit easily together. California is as environmentally conscious as any in the nation. It is also strongly in favour of abortion rights (as is Mr Wilson), has some of the toughest local anti-smoking laws, and is not a stronghold of the religious right. These positions and beliefs do not play to Mr Dole's strengths.

Until now, his state campaign had appeared almost moribund. Last week, for example, it spent only \$308,000 on media advertising statewide, less than a quarter of the outlays in Florida, which is competitive, and less even than in Michigan, Ohio, Pennsylvania and New York, where Mr Clinton is comfortably ahead.

The market penetration figures, measured by so-called ratings points, were even worse. In Los Angeles, the Dole campaign spent \$171,000 to achieve a miserly 500 points; in New York City

it spent \$637,000 and recorded a respectable 1,350 point penetration.

It is possible Mr Dole's apparent new commitment to California is a tactical feint. But if it is not, then most local experts reckon the Republicans will have to spend at least \$4m in local advertising in the three remaining weeks, which means budgetary diversions from other states.

Many local Republican congressional candidates have already started to go their own way, at least three taking matters to extremes. They are running TV commercials in which the face of a notorious convicted child-killer metamorphoses into that of their allegedly "soft on crime" Democratic opponents.

Even in his new tough anti-Clinton mode, Mr Dole might draw the line at this sort of attack advertising. But it will take much more than one speech for him to avoid history repeating itself, which is that no Republican this century has become president without carrying California.

AMERICAN NEWS DIGEST

## US consumer prices up 0.3%

US consumer prices rose 0.3 per cent last month, signalling a slight increase in inflationary pressure, official figures showed yesterday. The largest price gains were for food, clothing and transport, each of which rose 0.5 per cent from August. Energy costs were flat after falling in previous months.

The Labour Department said the annual rate of inflation edged up to 3 per cent against 2.9 per cent in August. In the first nine months of this year consumer prices rose at an annualised rate of 3.2 per cent, up from 2.5 per cent for 1995 as a whole. The figures, however, sparked little reaction in bond markets in part because they followed a modest price gain of 0.1 per cent in August. In the past three months prices have risen at an annualised rate of 2.6 per cent.

The "core" consumer price index - which excludes the volatile components of food and energy - rose 0.3 per cent last month and by 2.7 per cent in the year to September. The figures were in line with expectations and unlikely to increase pressure on the Federal Reserve to tighten monetary policy. The Fed next meets on November 13, after the US presidential election.

Michael Prouse, Washington

## Canadian interest rates cut

The Bank of Canada yesterday lowered its key bank rate by a quarter of a percentage point to 3.75 per cent, bringing interest rates in Canada to their lowest level in almost 40 years. The cut came on the heels of a series of weak economic statistics accompanied by a stronger Canadian dollar in the past few weeks. The rate reduction quickly prompted Canada's six big chartered banks to lower their prime lending rates to 5.25 per cent from 5.50 per cent, the lowest level since early 1989.

Reuters, Ottawa

## Brazil eyes multinationals

The Brazilian government sent a corporate tax bill to Congress yesterday designed to clamp down on tax avoidance by multinational companies and to increase cash flow from corporate income tax. The bill attacks the system of transfer pricing, by which multinationals can manipulate the prices of goods transferred between operations in Brazil and overseas in order to diminish local profits and hence their tax liability.

It also reduces the base for calculation of income tax from one year to three months. Because payments are now made monthly, based on estimated earnings for the year, companies which underestimate their income may delay making corrected payments for more than 12 months.

Jonathan Wheatley, São Paulo

## Mexican peso in sharp fall

The Mexican peso reached its lowest level of the year yesterday as investors bought dollars in the aftermath of the government's abandonment of a key privatisation. Midway through trading the peso stood at 7.80 to the dollar, a 1 per cent decline on the previous day's close. The fall came despite a 3.16 point overnight rise in the benchmark 28-day interest rate to 25.9 per cent. On October 7, the peso stood at 7.522.

Traders said that the sell-off was largely a reaction to the administration's decision not to proceed with attempts to privatise a majority stake in parts of the petrochemical industry.

Daniel Dombey, Mexico City

## Chilean power sale setback

The Chilean government suffered a setback this week when shortlisted potential buyers failed to bid for the state-owned electricity utility, Colbún. There was only one offer from among the six international consortia, and it was considered too low. Corfo, the state holding company, which is advised by the Kleinwort Benson, the UK merchant bank, had reportedly been looking to raise \$400m from the sale of a 37.5 per cent stake plus operational control of Colbún.

But Mr David Hurd, director at Merrill Lynch's Santiago office, said the premium the government wanted was too high. "Colbún has generating capacity of 525MW, so at that price the buyer would have been paying at a rate of \$1.5m per megawatt. But you can build new hydro capacity for \$800,000-\$900,000 per megawatt, so that the Colbún asking price would represent a 100 per cent premium for control, and entry to the central grid and the sector."

Imogen Mark, Santiago

## Whisky tax to be examined

Chilean President Mr Eduardo Frei said yesterday his government would examine a modification of its tax regime that Britain argues discriminates against Scotch whisky producers. Britain had hinted it might take the case to the World Trade Organisation. UK officials said however that the dispute over the 70 per cent tax rate charged on scotch was the only important difference between the two governments.

"We are studying a modification of the law that would ensure it respects WTO rules," but also bearing in mind the interests of producers of the local spirit pisco. Mr Frei said at the end of a three-day visit to Britain. The visit included the signing of a memorandum of understanding with the UK financial regulator, the Securities and Investments Board, and its Chilean equivalent in the sharing of information.

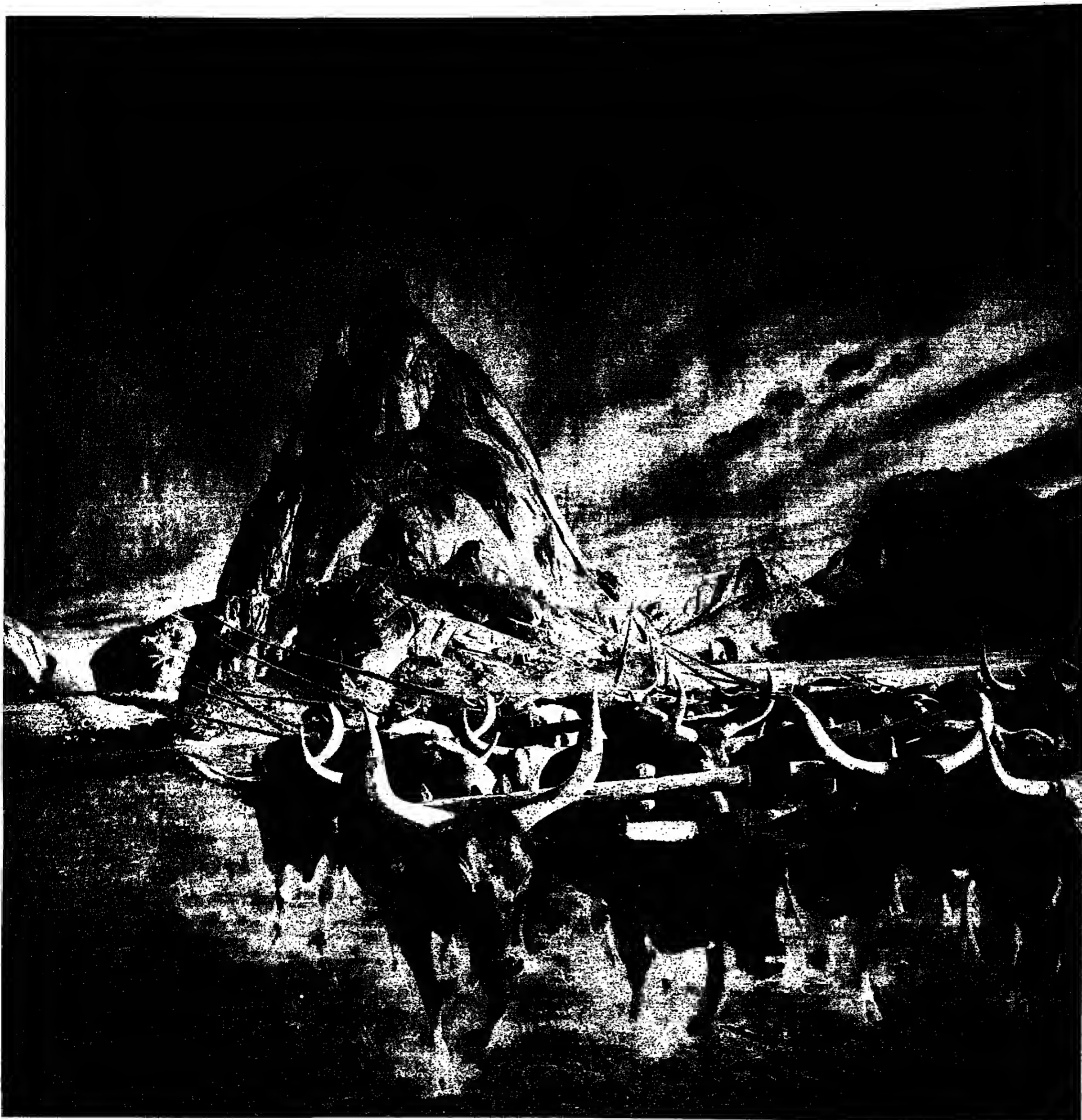
Stephen Fidler, London







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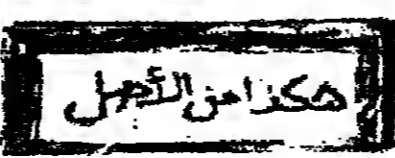
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INSURANCE • BANKING • INVESTMENTS



ARTS

Cinema/Nigel Andrews

Love on the fairways

Tin Cup begins with a play-off for screen dominance between Kevin Costner and a passing armadillo. Since neither creature boasts much recent movie credibility...

answer would address such essay-length topics as the endangered status of screwball cinema and the dwindling human content in movie comedy.

- TIN CUP Ron Shelton
BOSTON KICKOUT Paul Hills
NOTHING PERSONAL Thaddeus O'Sullivan
DRAGONHEART Rob Cohen
TWO DAYS IN THE VALLEY John Herzfeld

Costner's hero at first seems a natural for category one: a garrulous backwoods golfer pro on a run-down driving range now more popular with the armoured-hedgehog species than with human customers.

Back on this side of that large water hazard called the Atlantic, Paul Hill's Boston Kickout and Thaddeus O'Sullivan's Nothing Personal do what these islands, in the age of Trainspotting and company, do best.

Midway through this film that plays like a rangier version of a Tracy-Hepburn comedy - uptight garrulous female meets homespun but equally garrulous male - I wrote in my notes, "What is a film like this doing in mid-1990s Hollywood?"

The short answer is that it is doing everything right. (The long answer would address such essay-length topics as the endangered status of screwball cinema and the dwindling human content in movie comedy.)

central character Phil (John Simm), though sensitive to the need to read the odd book or even snapshot the odd roadside deer, is too cowardly to disown his dubious peer group.

In Nothing Personal we are in a pre-cessaire Ireland that may be a taste of post-cessaire Ireland. Director O'Sullivan and writer Daniel Mornin, adapting his own novel, create a hell out of militant matter-of-factness.

There is somewhat too much plot and, at the close, too much emotional engineering. (Let us dispense, please, with saintly girls who are martyred by plausibly ironic accidents.)

Dragonheart, a medieval comedy-fantasy from Hollywood, has either been posted early to the UK for Christmas or sent by surface mail as a late-summer afterthought.

Naked, declaim and grimace to no great purpose in a drab photograph of Slovakia. Sean Connery by contrast, ventriloquising the digitally conjured dragon who fights at our hero's side, suits noble voice to noble vision.

In a week switchbacking between the real and surreal, John Herzfeld's Two Days in The Valley is a bewildering comedy thriller.

If he had developed it, he would have insisted that players like Danny Aiello and James Spader (bemused hit men), Eric Stoltz and Jeff Daniels (bemused policemen), Paul Mazursky and Marsha Mason (bemused filmmaker and passing flame) were brought together by something less flimsy than the coincidences prevailing in this feature-length doodle about love and kidnapping in the San Fernando Valley.

That it could have been more incisive is shown by one collector's piece scene (at least for those who collect memorabilia of West Coast manners): Mazursky's verbal humiliation by a former fan is horribly funny and true to Tinseltown.

The week's prize for best children's movie, unwoo by Dragonheart, must be fought over by



Real comic chemistry: Rene Russo and Kevin Costner in 'Tin Cup'

The Adventures of Pinocchio (U, Steve Barron) and Alaska (PG, Fraser C. Heston).

The boy with the polygraph oose loses out to the polar bear who rescues a pilot. The script must have had its pages shuffled. Nothing seems to follow natu-

rally from anything else, as we follow our all too wooden hero and his computer-created cricket friend, voiced by an unfunny Mel Brooks soundalike, through a thicket of blurry special effects and warring subtitles.

children and a polar bear tackle rivers, glaciers and Charlton Heston (as a grizzled preacher) to rescue a plane-crashed father. The characters and up banging by their fingernails, while the audience's are happily bitten by the shrewdly built suspense.

Theatre/Sarah Hemming

The art of destruction

How pleasing it is to welcome a play about ideas into the West End. For Yasmina Reza's Art not only brings to the stage a topical debate, it makes it invigorating, touching and finally disturbing.

This dark comedy, translated from the French by Christopher Hampton in sparkling form, explores its themes through a rift between friends. Battle commences when Marc tells us that his friend, Serge, has bought a piece of modern art: a plain white square by a fashionable artist for which he has forked out 200,000 francs.

Finney, as the sceptical Marc, fills the stage as only Finney can. He plants himself before Serge's painting, squaring up to this assault on his values like a bull sitting up an opponent. It is the detail that his performance is most enjoyable.

But it is to Ken Stott as Yvan that the highest honours go. Playing the henpecked little loser, squeezed into a career selling stationary and heading for a meaningless marriage, he is initially very funny.

Ken Stott: a beautifully controlled performance. tour de force, but as his friends' destructive behaviour reveals to him the emptiness of his own life, he seems to cave in before your eyes, becoming the real casualty of the evening. It is a



Ken Stott: a beautifully controlled performance

Theatre/David Benedict

'Missing' in Bosnia

All stories depend on who tells them, and to whom. Nowhere is this more crucial than in drama documentaries. Efforts to portray and reveal the truth of a real-life situation are all too often scuppered by the characters' point of view, or worst of all, authorial bias.

the people involved. There is no dramatic spin. Without disturbing the order of events, Kent merely edits the proceedings and the result has all the appeal of courtroom drama with all its excesses expunged but the sobering power of reality. The effect is quietly shocking and shaming.

According to Amnesty International, more than 6,000 Bosnian Muslims were unaccounted for after Bosnian Serb forces captured Srebrenica. The prosecution presents testimonies concerning the fate of those "missing", revealing not only mass executions but the direct involvement of Radovan Karadzic, president of the Serbian Republic, and General Mladic, commander of the Bosnian-Serb forces.

INTERNATIONAL ARTS GUIDE. AMSTERDAM: Concertgebouw, Netherlands Philharmonic Orchestra. BOSTON: Museum of Fine Arts, Yousuf Karsh exhibition. CHICAGO: Museum of Contemporary Art, Negotiating Rapture. DUSSELDORF: Tonhalle Düsseldorf, Amadeus Chamber Orchestra. LONDON: Barbican Hall, London Symphony Orchestra. MUNICH: Haus der Kunst, Grosse Kunstausstellung. NEW YORK: Carnegie Hall, The MET Orchestra. PARIS: Théâtre des Champs-Élysées, Don Giovanni.

WORLD SERVICE: BBC for Europe can be received in western Europe on medium wave 648 kHz (463m). EUROPEAN CABLE AND SATELLITE BUSINESS TV: (Central European Time). MONDAY TO FRIDAY: NBC/Super Channel: 07.00 FT Business Morning, 10.00 European Money Wheel.



COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Thursday October 17 1996

The French connection

The French government's unexpected decision to award the Thomson group to Lagardere, rather than its bigger rival Alcatel, seems sensible enough in immediate terms. Thomson's defence business will go to an existing defence contractor...

NHS history

The government's forthcoming white paper on the NHS, detailed in the FT today, is an intelligent document. Short on hard policy, it nonetheless paints a credible vision of an improved NHS of the future.

Investment pact

The normally cautious secretariat of the World Trade Organisation has upset some members by proposing that it should negotiate a new multilateral agreement to cover international direct investment. It has a strong case.

Will there be enough food to go round?

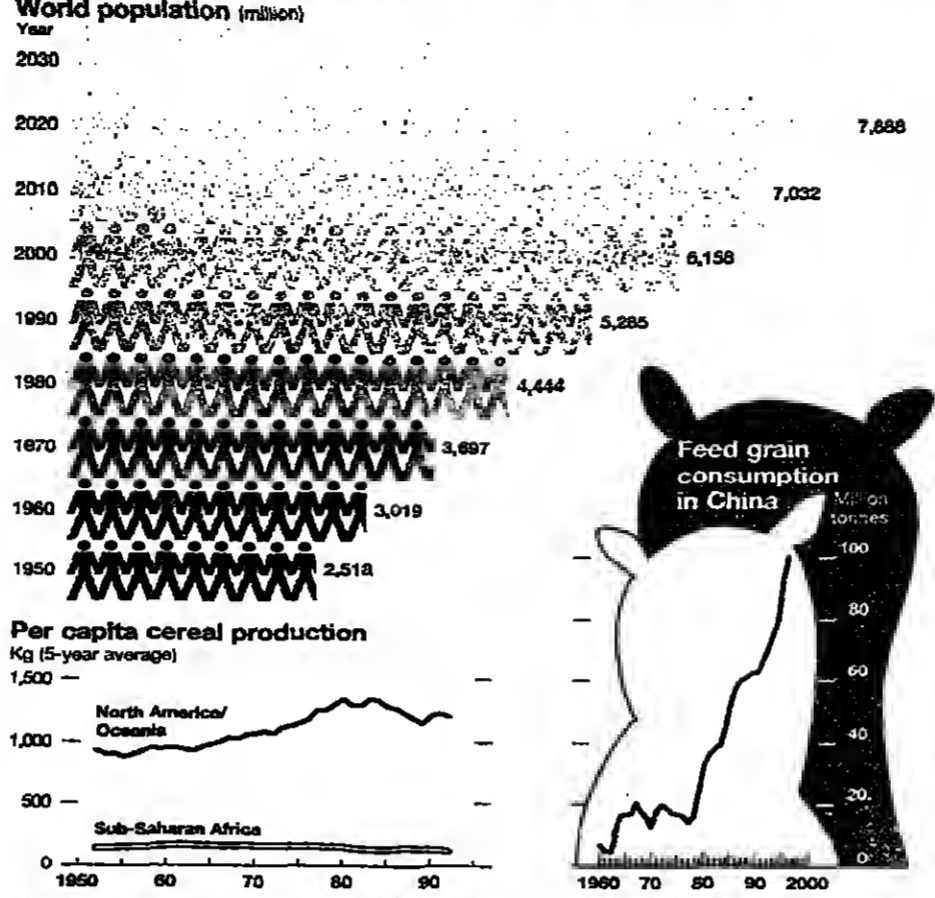


Table with columns: Region, Daily calorie supply as % of requirements, Fertiliser use, Average yield around 1990, Projected yield in 2020 based on 1981-93 increment.

The wheat from the chaff

Alison Maitland sifts the scientific and statistical arguments over whether the world will be able to feed itself in the next century

With just over three years to the millennium, the prophets of world food doom are in full cry. They warn the next generation faces an unprecedented food crisis, with the earth's population projected to soar by more than 50 per cent to 8.8bn by 2030.

OBSERVER

UK back on target?

British banks may have a new secret weapon in their fight to ensure they get full access to the planned Target system for cross-border payments in euros even if the UK says no to monetary union.

Pedro's party

Stand by for a delicious reminder of the excesses of the 1890s as Portugal's answer to American junk bond king Michael Milken goes on trial this week for allegedly swindling a posse of 48 of his clients.

Eurobash

Some spirited German-bashing is promised at this weekend's seaside gathering for Britain's fed up and famous staged by Sir James Goldsmith.

Right to strike

It was a strange collection of newspapers that appeared yesterday in France in defiance of the widespread strike by hacks protesting against the abolition of their special 30 per cent income tax rebate.

Think again

Russia's aviation workers no doubt have a point. They are incensed at Aeroflot's plans to buy 10 Boeing 737 mid-range airliners to replace elderly Tupolevs.

Sniffy test

A woman flying in from Colombia was stopped by officials at Madrid and asked if she could define the difference between Gothic and Romantic art.

100 years ago

Neutralisation of Denmark Copenhagen: The Folketing yesterday commenced the debate upon the Budget. In the course of the discussion, Baron de Rudtz-Thott, the Premier, said: "All parties are united in desiring the neutralisation of Denmark."

50 years ago

Malayan Tin Industry Of the twin primary Malayan industries, rubber is rapidly regaining its pre-war health and vigour. For tin, however, in view of the more complicated machinery and methods required in its production, the period of rehabilitation is likely to be lengthier.

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NU-WAY MAKING A WORLD OF DIFFERENCE WOLSELEY

Japanese company in supercomputer suit NEC hits back at US on anti-dumping claims

By Michio Nakamoto in Tokyo

NEC, the Japanese electronics company, has filed a suit with a New York federal court, claiming that an anti-dumping investigation into the company has been prejudiced by fabricated information from the US Commerce Department.

government agency, has been suspended while the commerce department investigates.

This is the second time in a fortnight that a commerce department anti-dumping investigation has been called into question.

In a similar case, Italian pasta producers last week appealed against anti-dumping duties, contending that the investigation was "mathematically flawed" and based on old data.

Cray's move to block the purchase of the NEC supercomputer, and the role of the commerce department, have caused concern in Japan.

Washington's efforts to encourage Japanese government agencies to buy US-made supercomputers have led to the sale of 12 US supercomputers to Japan, but this first reciprocal purchase by the US has become the subject of heated debate.

Mr Ryutaro Hashimoto, Japanese prime minister,

expressed concern over the matter at a bilateral summit in September.

NEC alleges in its lawsuit that commerce department officials drew up a dumping analysis "in complicity with Cray" which was used to buttress its case even before Cray filed its dumping charges.

NEC says it suspects that sensitive information provided to the department may have been leaked to Cray.

Although NEC tried on many occasions to explain its case to the department, it was not allowed to do so, the company says.

A spokesman for Cray Research yesterday said there was no merit to the allegation that the commerce department acted improperly, and they believed NEC was trying to avoid giving data to the Department of Commerce. "They are using a lot of rhetoric to avoid the substance of the issues," the spokesman said.

Directors say London will suffer if UK stays out of Emu

By Gillian Tett and Peter Marsh in London and Andrew Fisher in Frankfurt

Frankfurt would displace the City of London as Europe's leading financial centre if the UK stayed outside European monetary union, a survey of European finance directors says.

More than 60 per cent of the 500 European finance directors surveyed by UK property group Healey and Baker believed Frankfurt would become the main European financial centre within the next five years if the UK opted out of a single currency.

A majority also believed London would build on its dominant position if the UK joined Emu.

The survey results were published as the chairman of one of the UK's largest manufacturers warned that inward investment was also at risk if the country stayed out of Emu.

Britain would be "far less appealing" to foreign investors if it opted to stay out, Mr Wolfgang Reitzle, chairman of Rover, UK subsidiary of BMW, told a conference in London on industry in Germany and Britain.

The survey findings represent a shift in views. Between 1991 and 1995 the results showed a belief that London would remain pre-eminent whatever happened.

Mr Reitzle's comments and the survey will provide fresh ammunition to the UK pro-European political lobby, which argues Britain must not rule itself out of Emu.

The Bank of England and banking groups have worked to convince businesses that London's future will be strong irrespective of Emu. The UK-based Centre for Economic and Business Research will forecast this week that London's economy should enjoy annual growth of 4 per cent in the coming years.

Nevertheless, Mr Michael Cassidy, of the Corporation of London, the City's local authority, warned against complacency. "This survey shows a dramatic change in expectations - it should ring alarm bells," he said.

The survey is likely to reinforce German bankers' expectations that Frankfurt is well placed to benefit from Emu.

Recent moves by the German government, the Bundesbank and the Frankfurt stock exchange to strengthen securities trading have been made with Emu partly in mind.

The Healey and Baker survey found that 18 per cent of companies thought London would be pre-eminent if it stayed outside Emu, compared with 54 per cent who cited Frankfurt, and 8 per cent who nominated Paris.

THE LEX COLUMN

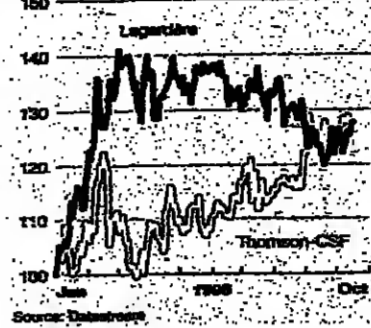
Defensive French

The French government's claim to have chosen the best industrial partner for Thomson should be taken with a pinch of salt. Truc, Lagardere and Thomson both have big defence businesses; Alcatel Alsthom, the other suitor for the state-owned electronics group, does not.

FTSE Eurotrack 200: 1821.1 (-5.9)

French defence

Shares prices relative to the CAC 40



boost earnings but its defence business will not risk marginalisation. The next logical step would be to split Thomson Matra from Hachette, Lagardere's totally unrelated media arm.

Airline alliances

In the increasingly elaborate mating dances between US and European airlines, Air France was in danger of being left on the shelf. That, at least, is no longer true. But while tying up with Delta Air Lines and Continental Airlines will usefully allow Air France to service a wider range of US destinations, the plans are less aggressive than they should be. For instance, there is to be no three-way code-sharing - the Delta and Continental alliances are to be kept separate. Moreover, although the airlines plan to coordinate some operations as well as sharing codes, the alliances are being kept far shallower than British Airways' planned tie-up with American Airlines or United Airlines' existing link with Lufthansa.

To take only one example, Air France and Continental both fly from Paris to Houston and Newark; despite the alliance, those services will continue to compete - to the detriment of both parties.

Commercially, the case for deeper alliances is very powerful. So why is Air France not being bolder? Presumably because to go further would require anti-trust immunity in the US. And the US government would doubtless refuse to grant that unless France offered an "open skies" deal in return. From the narrow point of view of Air France, avoiding such an outcome may make sense. But the same is not

true of the French government which owns the company. After all, the victims of its protectionist stance are its own air-travelling citizens.

Daimler-Benz

Daimler-Benz's restructuring is entering a new phase. Having returned to profit and slimmed from 35 businesses to 25, the group is preparing to merge the Daimler board with that of Mercedes, its main subsidiary. This will cut bureaucracy and costs. As importantly, it underlines Daimler's shift from grandiose 1980s conglomerate back to a more focused car and truck maker. And it strengthens Mr Jürgen Schrempf, Daimler's dynamic chairman, at the expense of Mr Helmut Werner, the old-style Mercedes chief. For shareholders this is all good news.

Sterling

Talk of sterling as a safe haven should be sufficient provocation to alert even the most complacent. A currency whose trade-weighted value has fallen by 2.3 per cent a year for a decade is not an obvious refuge. But with the Bundesbank sanctioning a weak D-Mark, other currencies are in favour. Now sterling is enjoying its turn, rallying 10 pennings against the D-Mark over the past month.

Interest rate differentials have been the most important cause. While the outlook for sustained low rates in most leading economies has improved recently, markets are expecting a 40 basis point rise in short-term UK rates by next March. Moreover, UK growth is stronger than in the rest of Europe and the current account is healthier, thus expected. The oil price has also jumped to \$25 a barrel from \$18 a barrel in two months, re-assessing sterling's petro-currency status.

Meanwhile, fears that the government might try to buy an election victory have abated. On European monetary union, the market believes it enjoys a win-win situation: if the UK stays out, investors will be attracted by flexible labor markets. If it goes in, UK assets will enjoy a "convergence" rally. The pace of the current move cannot be sustained; but so long as the dollar stays firm and the D-Mark remains weak, most of the gains appear safe.

Additional Lex comment on UK accounting, Page 22

Daimler weighs in-house merger with Mercedes

By Wolfgang Münchau in Frankfurt

The board of Daimler-Benz is considering far-reaching changes to the company's structure in order to cut management layers, give top managers more direct control and increase shareholder value.

The reshuffle, which is likely to involve redundancies, may lead to an in-house merger with Mercedes-Benz, the company's car and truck unit - an option favoured by a majority of Daimler's board.

A formal decision on the reorganisation, discussed at a board meeting in Stuttgart yesterday, is expected before the end of the year.

Daimler-Benz has operated as a holding company, responsible for the allocation of financial resources between subsidiaries. It also defined corporate strategy and dealt with group administrative tasks. Day to day management

issues, however, have been decided by the subsidiaries, which have their own management and supervisory boards.

Details of the reorganisation have yet to be decided, but it appears Daimler has earmarked Mercedes for the merger because the unit represents about 80 per cent of the company's business volume. The shake-up will not affect other subsidiaries, such as Dasa (Daimler-Benz Aerospace), the aviation and defence group, and Debsis, the financial services and information technology subsidiary, which are expected to remain as separate entities.

The current holding structure dates to the late 1980s when then chairman, Mr Edzard Reuter, planned to turn Daimler into a luxury car-maker into an "integrated technology" group.

Mr Jürgen Schrempf, who took over as chairman in May last year, shifted the compa-

ny's focus back towards its motor car roots and cut the number of business units from 35 to 25, but the current corporate structure was seen as unwieldy.

Such a reorganisation would strengthen Mr Schrempf's position and raises questions about the future of Mr Helmut Werner, the Mercedes chairman, who was seen as a rival to Mr Schrempf for the top job. One option is for Mr Werner to be deputy chairman.

A reorganisation could expand Daimler's board from seven to 10 or 12 members to accommodate the most senior of the 10 Mercedes board members. Among those most likely to end up on Daimler's management board, apart from Mr Werner, are Mr Jürgen Hubbert, head of the passenger car division, and Mr Kurt Lauk, recently appointed as head of commercial vehicles.

See Lex

Brussels hedges on deficits rule

Continued from Page 1

leagues of possible adverse German reaction, according to an observer. But other commissioners argued for a less rigid approach to take into account national circumstances and the right of national parliaments to set budgetary policy.

The Commission proposed an initial fine of 0.3 per cent

of GDP for Emu members running excessive deficits, with an additional 0.1 per cent of GDP for every percentage point by which a country's deficit exceeds the Maastricht target. However, Mr de Silguy noted that the first sanction would be a non-interest-bearing deposit and the sanction would only begin to bite two years after submission of the national budget.

The proposed stability pact will be discussed by EU finance ministers at a meeting in early November, with a final agreement planned to coincide with the EU summit in Dublin in December.

The decision to leave open a crucial aspect of the stability pact's terms overshadowed agreement on new rules governing the legal status of the euro.

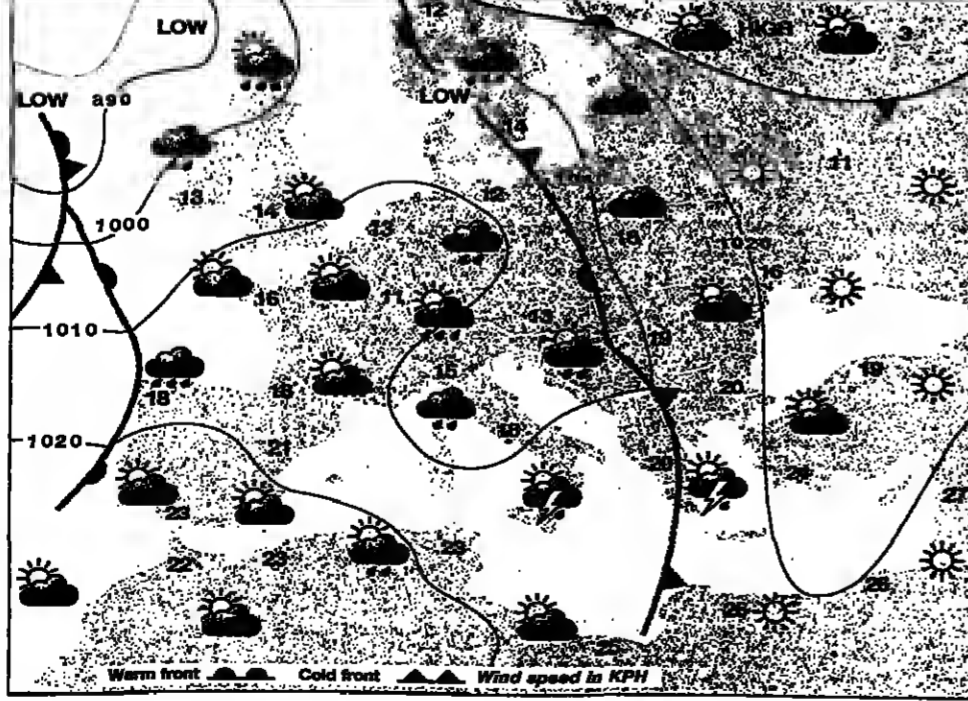
FT WEATHER GUIDE

Europe today

Central Europe will have plenty of rain as low pressure moves in from the Adriatic towards southern Scandinavia. The Adriatic and Alps will have heavy showers and some thunder. Western Europe will be cool with frequent showers. North-west Spain and northern Portugal will be cloudy. The rest of Spain and Portugal will have sunny spells. Turkey and the area around the Black Sea will have sunny spells. Temperatures will exceed 25C in the Middle East and on the south coast of Turkey.

Five-day forecast

North-west Europe will be unsettled as westerly winds bring cloud and rain. Temperatures will rise gradually. Southern Europe will be calm and mainly dry.



TODAY'S TEMPERATURES

Table with columns for city, current temperature, and forecast. Includes cities like Abu Dhabi, Beijing, Cardiff, etc.

Lufthansa logo and slogan: No global airline has a younger fleet.

FOR DEVELOPMENT CAPITAL, DEAL WITH THE DECISION MAKERS DIRECT. The Royal Bank of Scotland advertisement with a portrait of a man.

مكتبة الأصيل



COMPANIES AND FINANCE: EUROPE

Nine shortlisted in Greek phone project

By Kerin Hope in Athens
OTE, Greece's state-owned telecoms company, has shortlisted nine of 16 international bidders for a controversial Dr120bn (\$498m) project to set up a mobile telephony system which would compete with two international consortia operating cellular networks in Greece.

cial offers opened in public. CS First Boston, the international investment bank which ran a similar auction in 1992 for Greece's first mobile telephone licences, and Alpha Finance, the Greek investment bank, are advising OTE.

Norway. The international partner would take an equity stake of about 25 per cent in OTE's mobile subsidiary and would provide technical services and management. OTE aims to capture 40 per cent of Greece's fast-growing mobile telephony market, forecast to exceed 1m subscribers by 2000.

They say OTE's mobile licence, issued last year for Dr14bn, should be annulled. Greece's supreme court will hear the dispute next week. Panafon and Teletet each paid Ecu160m (\$203.2m) for a mobile licence in 1992. Panafon is controlled by Vodafone of the UK, France Télécom and Intracom, the Greek telecoms equipment supplier. Teletet is owned by Italy's Stet International, Nynex of the US and Interamerican, a Greek insurance group.

ment over its decision to issue a mobile licence to OTE without holding an international tender. While the decision appears to violate EU competition rules, government officials say it was justified because OTE was excluded from bidding for a licence in 1992.

Océ net profits jump 71% in quarter

By Gordon Cramb in Amsterdam

Net profits at Océ-van der Grinten, the Dutch reprographics company, jumped 71.4 per cent to Fl 38.9m (\$22.51m) in the third quarter. The company said that for the current quarter it expected "a continuation of the positive development".

Revenues were ahead 61.5 per cent at Fl 111.15bn, boosted by the April takeover of Siemens-Nixdorf's printer division. Océ announced that from January it would take full control of Messerli, its Swiss distributor, which had been 20 per cent owned.

Océ shares rose Fl 1.30 on the news to close at Fl 194.50.

In its office systems division, sales were up 21 per cent to Fl 508m while in engineering systems, where it supplies specialist copiers, printers and plotting equipment, turnover rose 18 per cent to Fl 319m. HPP, the new German unit, contributed an additional Fl 238m.

EUROPEAN NEWS DIGEST

Munich Re details share holdings

Munich Re, the world's biggest reinsurer, yesterday disclosed a further DM5.2bn (\$3.4bn) worth of stakes it holds in German and foreign companies. It gave details of all shareholdings below 5 per cent and worth more than DM100m, the biggest being: a 1.7 per cent stake in Bayer chemicals, valued at DM632m; 1.3 per cent of Siemens (DM563m); 1.5 per cent of Deutsche Bank (DM577m); and 4.4 per cent of Bayerische Vereinsbank (DM491m). It also revealed small stakes in Dresdner Bank, Commerzbank, Hoechst, RWE, Veba and others.

German bank to refocus

Schröder Münchmeyer Hengst, the German bank controlled by Lloyds TSB, the UK bank, plans to concentrate on investment banking and cut back its corporate lending, shedding more than 10 per cent of its 450 staff. SMH, based in Frankfurt, will focus mainly on institutional equity broking, asset management and private investment advice.

Safra up 18% in third term

Safra Republic Holdings, the European private banking group controlled by Mr Edmond Safra, increased its third-quarter net income by 18 per cent to \$48.4m. The group's funds under management rose by 49 per cent to \$9.6bn, with much of the increase reflecting the recent acquisition of Banque Unigestion, a Geneva private bank. There was little impact on the group's commission income, which rose 13.8 per cent to \$19.2m. Net interest exchange and other trading profits increased 62 per cent to \$8.6m. Operating expenses fell by 5 per cent to \$37.9m and total assets were up by a fifth to \$16.9bn.

Shareholders' equity at the end of September 1996 was \$1.5bn, or \$77.81 a share. For the nine months, net income was ahead 15.5 per cent to \$138.6m, giving earnings per share of \$1.87.

L'Oréal sales ahead 12%

L'Oréal, the French cosmetics and healthcare group, said sales rose 12.1 per cent to FF94.98bn (\$8.6bn) in the nine months to September, compared with a year earlier. On a comparable structure basis, sales rose 7.8 per cent. It said it expected full-year sales growth in line with that of the nine months.

Hoogovens plans asset swap

Hoogovens, the Dutch steelmaker, is planning an asset swap with Klöckner & Co of Germany to rationalise joint holdings. The German partner will gain full ownership of ODS/Hoogovens Handel, a metals trader based near Rotterdam. Control of nearby Namascor, which cuts steel sheets from coil, and of Montana-Bausysteme, a Swiss maker of roof and wall panels, would pass to Hoogovens.

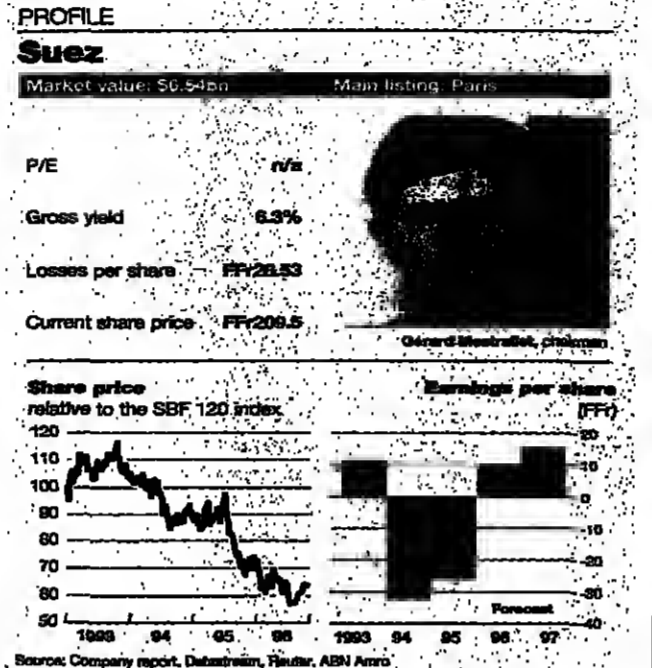
Suez back in black with FF772m at halfway

By Andrew Jack in Paris

Suez, the French financial and industrial holding company, yesterday announced a return to profit for the first six months of the year, after heavy losses in 1995. It also announced a series of unusual transactions designed to increase earnings per share. The group posted profits of FF772m (\$152.36m), compared with losses in the first half last year after heavy provisions of FF3.98bn. These figures did not include the results - believed to be in the black - contributed by its subsidiary Banque Indosuez, in which it has sold a majority stake to Crédit Agricole, the French mutual bank.

summer after his predecessor resigned following strong criticism by leading shareholders, highlighted a series of other transactions since his arrival, including the acquisition of a further stake in Tractebel, the Belgian utility, and the disposal of a further FF2.4bn in investments. "Suez will in the future be a more compact and more coherent group," he said. In an unusual move, he said that the board had approved on Tuesday a decision to cancel the 3.6 per cent of the group's shares controlled by the Suez parent company. It would also liquidate a further 1.4 per cent in Suez shares owned by its Société Générale de Belgique subsidiary. In addition, it had paid FF7700m to buy back con-

vertible bonds from Japanese investors, which would have constituted 1 per cent of the share capital of the group if they had been converted into equity. A similar operation was carried out last year. The effect of these various transactions will be to reduce the potential dilution of Suez's capital by 7 per cent, in an effort to improve the return on equity to remaining investors. Mr Mestrallet said he was still committed to the objective he had announced last year to offer Suez shareholders a return on equity of 10 per cent in the medium-term. He did not specify a time-scale for this objective, however. The chairman said the group would have entirely withdrawn from the prop-



erty sector by 2001, and more quickly "if it is in our interests". Its portfolio had shrunk to FF12.4bn by June 30, and there were FF800m in additional write-downs to reflect the continued degradation of the market.

German shipping lines discuss container deal

By Charles Batchelor, Transport Correspondent

Two German shipping lines, Hapag-Lloyd and Hamburg Süd, are discussing closer co-operation in their container divisions in a move which heralds a further consolidation of the container shipping industry. The companies denied plans for a merger, describ-

ing such suggestions as "speculative in nature and having no factual basis whatsoever". However shipping industry observers said they did not rule out a full-scale merger. Routes served by the two companies are complementary. The announcement that the two companies are "to investigate the possibilities of co-operating more exten-

sively in container liner shipping" comes just five weeks after P&O of the UK and Nedlloyd of the Netherlands announced a merger of their container businesses. Overcapacity in container shipping, pressure from customers on freight rates, and the breakdown of the traditional conference system which allowed shipowners to fix tariffs, have contributed

to poor returns from the sector over the past 15 years. Hapag-Lloyd ranks eighth in the world league of container shipping companies. The profitability of the company's container division improved in 1995 and helped contribute to a 24 per cent rise in overall pre-tax profits to DM118m (\$77m). The company is very susceptible to changes in the dollar/D-Mark

exchange rate. Container shipping accounted for 53 per cent of Hapag-Lloyd's total turnover of DM4.4bn. Pressure on container shipping line margins is likely to continue with an expected 12 per cent increase in capacity in 1997, more than double the forecast rise in demand.

CONGRATULATIONS to Bayindir İnşaat A.Ş. on drawing down its project financing. Salomon Brothers is proud to have contributed to this landmark project as structuring and financial advisor to Bayindir İnşaat. August 1996. Bayindir Holding A.Ş. and Bayindir İnşaat Turizm Ticaret ve Sanayi A.Ş. guarantors. Bayindir Antalya U.S. \$41,750,000 5 Year Project Loan for the Antalya Airport International Lines Terminal Facility. provided by Bayerische Vereinsbank AG, facility agent. Bank Austria Aktiengesellschaft Türkiye İŞ Bankası A.Ş. TC Ziraat Bankası A.Ş. secured by an irrevocable, direct-pay Letter of Credit issued by Türkiye Vakıflar Bankası TAO. The undersigned acted as arranger and financial advisor to Bayindir. Salomon Brothers. The new international passenger terminal at Antalya Airport is: Turkey's first private sector-funded airport; a major success for Turkey achieved with the help of Salomon Brothers; the first BOT project in Turkey; a model for the continued growth of a powerful sector for the construction of airports; a model for attracting foreign capital investment.

A new global force in fixed income. NatWest Markets through National Westminster Bank Plc has completed the acquisition of Greenwich Capital Markets, Inc. as part of Greenwich Capital Holdings, Inc. To create a better quality service for institutional investors and issuers, we are combining the proven expertise of Greenwich Capital Markets with the global strength and resources of NatWest Markets. This announcement appears as a matter of record only. October 1996. NATWEST MARKETS. based by National Westminster Bank Plc, regulated by the SFA and IMRO.

مركز من التمويل



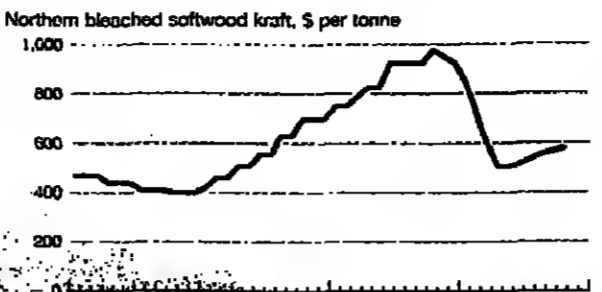
COMPANIES AND FINANCE: EUROPE

Newly-weds' testing first year

Full benefits of merger are yet to flow through at UPM-Kymmene

Biggest and best are... UPM-Kymmene has experienced a testing first year.

Pulp price roller-coaster



The group is still acclimating to its new position of European market leader. UPM-Kymmene's only announced capacity increase...

Kymmene's balance sheet. He wants to lift the equity to assets ratio from the current 38.6 per cent to more than 40 per cent...

A New York listing is under consideration and Mr Niemela is positive to the idea of a share buy-back to enhance shareholder value.

The group's attention is instead concentrated on raising profitability in 1997. The company has been more conservative than others in its estimates for earnings this year...

EUROPEAN NEWS DIGEST

Natuzzi plans 1-for-2 share split

Natuzzi, the Italian upholstered furniture manufacturer quoted on Wall Street, yesterday announced it would be seeking approval for a 1-for-2 share split at its annual meeting on October 28.

Astra's US Losec sales grow

Astra, the Swedish pharmaceuticals group, said nine-month sales of its biggest-selling drug, the anti-ulcer agent Losec, rose by 37 per cent in the US...

US West lifts Czech cable stake

US West, the US telecoms group, has strengthened its foothold in the Czech Republic's nascent information superhighway by taking almost full control of the country's biggest cable television operator.

Credito Italiano advertisement including contact information and a 1996 Interim Report summary.

Mexico advertisement for a survey on Monday, October 28, covering economy, politics, and financial markets.

CIVAS International Limited advertisement for Series CIVAS 20 bonds.

The Top Opportunities Section advertisement for senior management positions.

US\$150,000,000 advertisement for Espirito Santo Financial Holding S.A. bonds.

Kansai International Airport Company, Ltd. advertisement for U.S. \$200,000,000 7.25 per cent Guaranteed Bonds due 2006.

IBJ International plc advertisement listing various international financial institutions as agents.

AECI Limited advertisement for an offering of 18,387,722 Ordinary Shares, listing Goldman Sachs International and other agents.



DAEWOO

Analysts question group's strategy

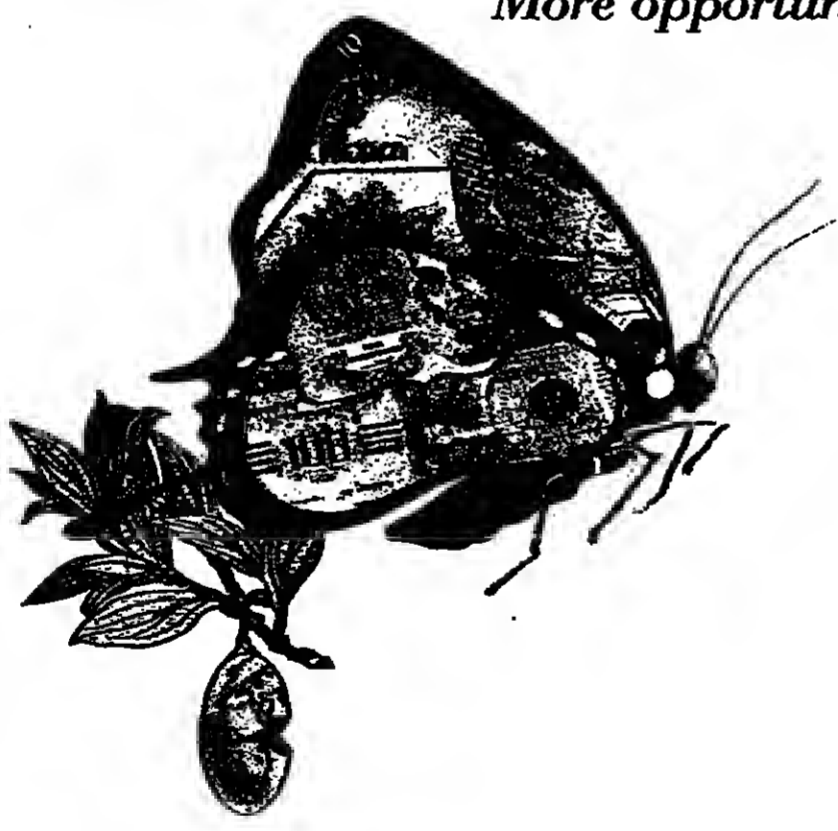
Daewoo Electronics' acquisition of Thomson's multimedia will transform South Korea's third-largest consumer electronics group into the world's largest TV manufacturer, analysts warn that the move carries risks, including the laborer will double Daewoo's TV production from 9m sets a year and give it increased market share in the US and Europe where its presence is limited. Thomson's RCA brand, 10.5 per cent of the US market, while it has 15 per cent of the European market through its Telefunken and Thomson brands. Equally important, Thomson takes a 40 per cent vertical interest in Daewoo's supply chain, including a stake in Daewoo's TV retail, LG Electronics, the global producer of CRTs and has had to negotiate suppliers, including Thomson, to make its sharehold in its own plants.

Analysts question the strategy of making the conglomerate a global player, but believe it will become one of the world's leading companies.

Daewoo is a low-cost manufacturer with growing output annually. However, it faces stiff competition from Intel, Intel, etc. in the satellite market. Mr. Kim, Daewoo's president, said the group would provide products in a range of markets, including the US, Europe, and Asia.

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ospace



COMPANIES AND FINANCE: ASIA-PACIFIC

Japan's builders 'hiding property losses'

By Gerard Baker in Tokyo

Japan's general building contractors are facing growing losses from the continuing fall in the country's land prices...

Tokoku's estimate of the difference between market values and book values of land held by the contractors...

The builders bought large quantities of land for development at the end of the 1980s, when land prices were soaring...

For several years, banks were reluctant to own up to losses from bad loans and believed a recovery in prices would eliminate much of the problem...

and banks were forced to declare enormous losses. Latest estimates suggest the total volume of bad loans in the Japanese financial system is at least Y35,000bn.

Tenaga provides rebate for blackout

By James Kyng in Kuala Lumpur

Tenaga Nasional, Malaysia's power utility, is to provide a rebate worth an estimated M\$70m (US\$28m) to consumers affected by a blackout in August which shut down peninsular Malaysia for nearly 16 hours.

ASIA-PACIFIC NEWS DIGEST

Old financial tie-up gathers support

The proposed three-way merger between Metway Bank, the SunCorp insurance group, and the Queensland Industry Development Corporation - being orchestrated by the Queensland state government - would create a financial services group with assets of around A\$2.7bn (US\$2.1bn), according to documents released yesterday.

Sun Hung Kai suspended

Shares in Sun Hung Kai were suspended yesterday amid expectations that the Hong Kong securities company was planning a rights issue. The move raised the prospect that Shanghai International, the Hong Kong arm of China's biggest securities company, may take a stake in Sun Hung Kai by underwriting the issue.

Jardine Pacific in HK push

Jardine Pacific, the trading and services arm of the Jardine Group, will today launch a corporate advertising campaign aimed at signalling its commitment to the Hong Kong market.

Bakun wins approval for 4bn-share listing

By James Kyng

Bakun Hydro-Electric Corp, the company which is to develop and operate south-east Asia's biggest dam, has won approval from the Malaysian government for a stock market listing.

Bakun's first operating earnings are not expected until 2002. Senior officials said the government's economic planning unit had recently approved the listing, and a revised shareholding structure in Bakun...

The lower stake comes after Tenaga complained it was not being given a say in the Bakun project which reflected the 25 per cent it had promised to take.

Brazil's Companhia Brasileira de Projetos e Obras, Mr Ting Pek Khling, Ekran executive chairman, hopes to finance more than half the cost of building the dam through the listing of Bakun's shares.

for six years," said one brokerage house analyst. However, analysts said, Bakun is expected to be profitable after it starts power generation in 2002, and this may entice investors.

Table with columns: Turnover and governance, Turnover year to Dec 1995 (\$bn), Market Capitalization on Dec 1995 (\$bn). Lists various countries and their financial data.

ASX members consider future of their club

The exchange will tomorrow vote on demutualisation

If stock market trading in Australia is a little duller tomorrow afternoon, there could be good reason. At 4.30pm, just after the close, brokers will vote on a plan to "demutualise" their exchange and run it along the lines of a conventional, shareholder-owned company instead of a private club.

Advertisement for Citibank featuring the text 'Relationships that ENDURE' and 'YOU'RE INTERESTED IN LONG-TERM PARTNERSHIP, NOT SHORT-TERM SALESMANSHIP.' Includes a large image of a man's face and the Citibank logo.



TECHNOLOGY

New angles on speed



Cross-section of an Adtranz tilting mechanism



Fiat Ferroviaria's high-speed train Pendolino, the ETR 460

Charles Batchelor on the revival of tilting trains in the UK

# Inclined to try again

The tilting train occupies a prominent niche in that unfortunate pantheon of clever inventions which the British either could not make work or could not quite bring to market.

The announcement that tilting trains are likely to be introduced on the busy but anxious tracks of Britain's main west coast rail line has reawakened memories of British Rail's embarrassing failure with tilt technology in the 1970s and early 1980s.

This project was scrapped after complaints from passengers of feeling queasy, a series of breakdowns and just three days of scheduled services in 1981. In fact, several companies around the world were developing tilt technology at the time when BR was working on its Advanced Passenger Train.

While the British dropped the idea, other countries continued to develop it. In Europe, Fiat Ferroviaria, the rail equipment subsidiary of the vehicle group, and ABB, Daimler-Benz Transportation (Adtranz) have a market lead. Tilting trains from these two companies are in use in Italy, Germany, Finland, Sweden and are an option for Switzerland, Spain, Portugal, the Czech Republic and the US.

If the 1980s and 1990s were the age of the high-speed train, as France, Germany, Spain and Italy developed extensive networks, the first decade of the new century is set to become that of the tilting train.

High-speed trains require dedicated lines which are either built from scratch or extensively upgraded, sophisticated signalling and train control systems, and relatively long distances between centres of population to make them viable.

Tilting trains can run on conventional track, can serve a mix of long-distance and commuter routes, and carry a premium of only about 10 per cent over the cost of conventional trains.

Most importantly they offer higher speeds and shorter journey times because the train body leans into curves. Train speeds can be increased by up to 40 per cent on corners and, because the train is not constantly braking and accelerating, there are savings on power supply and on brake components.

Early experiments in France in the 1950s concentrated on spontaneous body tilting or "passive" tilting, triggered by the centrifugal force developed in curves. The disadvantage was the slowness of the train body's responses.

The railway industry then switched to "active" systems,

which detect the approach of a curve from the banking of the track and then activate the tilt by either hydraulic or electrical systems.

A variety of methods can be used to give advance warning of curves, explains Dee Razdan, Adtranz's UK engineering director. They include gyroscopes - which detect the cant produced by the fact that the outside rail on a curve is raised - radar, global positioning systems or intelligent computers which learn a route.

Fiat Ferroviaria, which recently launched its third generation Pendolino, the ETR 460, combines two techniques to monitor curves; a gyroscope to detect the cant of the railway line and an accelerometer to measure the degree of lateral movement.

These, combined with cut-out of the tilt mechanism at speeds of under 70kph, ensure that the tilt is not activated when the train passes over points or irregularities in the track, says Marzio Broda, of Fiat Ferroviaria's export sales department.

Once the tilt mechanism has been activated, jacks positioned under the floor raise the appropriate side of the carriage body,

as each carriage enters the curve. On the first two generations of Fiat Pendolinos the tilt mechanism extended to the roof of the carriage and had to be disguised in partitions. The latest trains, however, tuck the entire mechanism under the floor, giving greater freedom when designing the layout of carriages.

Hydraulic jacks are being replaced by electrical systems.

**Privatisation has made the commercial argument for introducing the new trains even more compelling**

These are more expensive to install but they require less room under the carriage floor, where space for the increasingly complex train systems required is at a premium.

Railway lines are built with a cant on curves to allow higher speeds but there are limits to the degree of "installed cant" because of the danger of a train

toppling over if it is forced to stop. Track in Britain is designed with a maximum installed cant of 6in, equivalent to an angle of 6° degrees.

The tilting train allows additional cant to be provided and thus even higher speeds. British Rail's APT was originally designed to provide 12° of cant at 180mph but was later modified to run at 160mph with just 9° of cant. Fiat Ferroviaria designed its trains to allow up to 10° but subsequently decided to reduce this to 8° on the grounds of passenger comfort.

The original intention of the engineers was to tilt the train body to compensate fully for the lateral pressure which the passenger felt as the train negotiated the curve. But the problem encountered by passengers on the APT and other early prototypes was that while their eyes told them they were going through a curve their bodies were fooled into thinking they were sitting upright. The result was train sickness.

So the engineers now compensate for only 60 to 70 per cent of lateral pressure, enough for the passenger to be aware of the curve but not enough to feel

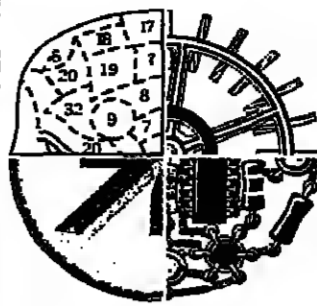
discomfort.

A large part of the difficulties experienced by BR was due not to the tilt mechanism of the APT but to the complexity of the train as a whole. It involved a formidable array of new technologies including a hydrokinetic braking system which froze, wide aluminium extrusions and new control systems. Getting all these right under tight time pressures proved too much, says Razdan.

Technological complexity should not be a problem this time. These technologies have become routine while privatisation has made the commercial argument for introducing the new trains even more compelling. Adtranz's X2000 tilting trains have reduced journey times between Stockholm and Gothenburg by more than 25 per cent and increased rail's market share on the 288-mile route from 41 to 55 per cent.

Adtranz estimates that it would take up to four years to modify its trains and have them running on the UK network. Tilting trains are expected to cut 30 minutes off the 2½ hour journey between London and Manchester and an hour off the 5½ hour London-Glasgow trip.

Worth Watching - Vanessa Houlder



Chemists tap into small oilfields

Geochemists at the University of Newcastle may have found an answer to one of the thorniest problems in oil exploration: how to work out the distance travelled by the oil from its source to the reservoir where it accumulates.

The scientists have shown that there is a correlation between the concentration of two organic molecules (both non-alkylated benzocarbazoles) which are present in trace quantities in oil and the distance they migrate, according to a report in today's Nature.

This approach could help identify new oil reserves by indicating the full geographical extent of known petroleum systems and the migration pathways near existing reservoirs. In the North Sea, for example, it might allow petroleum geologists to work out which of many potential migration pathways were used to fill known reservoirs, helping them discover small new oilfields on the route.

University of Newcastle, UK, tel (0191) 222 6352, fax (0191) 222 5431.

The last word on voice recognition

Speech recognition technology usually involves a trade-off between vocabulary size and the ability to recognise a wide range of voices. It is particularly difficult to devise a system that can cope with the extraneous noise of telephone calls.

Nuance Communications, a spin-off from SRI International, the Californian research group, believes it has broken new ground by developing a speaker-independent, continuous speech recognition

system that can recognise more than 100,000 words spoken over the telephone.

The system is being used by Charles Schwab & Company, the US discount broker, to provide investors with instant prices for more than 15,000 mutual funds, stocks and market indicators. The system can recognise any US regional accent and can make sense of most of the ways that a customer might describe a security.

SRI Consulting: UK, tel (01171) 446 6166; fax (01171) 446 6199.

Non-toxic material benefit

Scientists at Emory University in Atlanta have developed a self-decontaminating material to protect troops involved in chemical warfare.

The researchers impregnated a Spandex-like carbon-based cloth with an inexpensive, non-toxic catalyst called polyoxometalate that can decontaminate agents such as mustard gas and related chemicals.

The material destroys toxic agents on contact and also acts as a barrier to them. It is reusable because the catalyst's activity can be restored by heating. The research, which was supported by the US Army Research office, was reported in this week's Chemistry of Materials, a journal of the American Chemical Society.

Emory University: US, tel 404 7276123; fax 404 7276536.

Picture this for conferencing

Most video-conferencing products are either bulky systems designed for groups or desktop systems for personal computers. PictureTel International, the video-conferencing specialist, has tried to broaden the market by launching a compact, television-based system that can be carried from room to room.

The SwiftSite system, which costs £6,896, is aimed at small-to medium-sized businesses as well as divisional and satellite offices of larger organisations.

PictureTel International: UK, tel (011753) 673000; fax (011753) 673010.

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FULL YEAR RESULTS

	12 Months Ended 30th June 1996	Growth
Net Profit After Tax	Rp 61 billion	+94%
Earnings Per Share	Rp 243	+93%
Net Asset Value Per Share	Rp 12,734	
Total Debt (1995 - Rp 1,059 Billion)	Rp 424 Billion	-60%
Short-Term Debt (1995 - Rp 664 Billion)	Rp 141 Billion	-79%
Long-Term Debt (1995 - Rp 395 Billion)	Rp 283 Billion	-28%
Equity	Rp 635 Billion	
Net Debt/Equity	62%	
Earnings/Interest Coverage	2.31x	
Market Capitalization	Rp 1,344 Billion	

"In an era of increasing debt leverage, we have taken bold steps in reducing debt. Total debt of Rp 424 billion is at 67% of equity. We have been successful in shifting short-term debt to long-term debt. We believe this is the right approach. This puts Lippo Land Development in a strong balance sheet position to capitalise on opportunities ahead in a challenging and competitive environment.

Lippo Land Development is not the traditional property company in the sense of low margins, high leverage, and high rise commercial business district developments. We focus on urban development - building new townships through upfront investments in infrastructure, commercial public facilities, and "software". This is a business with high entry barriers and high margins, and where we have high competitive advantage.

We are pleased to report to our shareholders that we had a record year with net profit surging 94% to Rp 61 Billion. Thank you very much for the support of shareholders, investors, bankers, partners, and all of our dedicated staff."

Symbol: LPLDf.JK

Eddy Sindoro  
Chief Executive Officer



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## United Mexican States

US\$6,000,000,000

Floating Rate Notes Due 2001

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Prices fall across the board on profit-taking

GOVERNMENT BONDS

By Lisa Bransten in New York and Richard Adams in London

Government bond prices fell across the board yesterday, as varied concerns over a single European currency and the release of bearish economic data spurred some profit-taking.

Bonds fell in the US, Germany and the UK, with sharper falls coming in the higher-yielding European markets - especially Spain and Italy, which have been the best performers in recent weeks.

Mr Charles Diebel, senior fixed income analyst at Technical Data in London, said weakness in Europe was due to the faltering Treasury market and continued sniping from senior Bundesbank figures over who would participate in ERM.

Spain prepares tax changes to allow trading in strips on government bonds

Spain is close to adding a stripping facility to its government bond market, writes Richard Adams.

Mr Federico Ferrer, deputy director for foreign financing at the Spanish treasury, said the government was preparing to make the necessary changes - mainly in taxation - to allow trading in strips.

US inflation figures released yesterday were in line with analysts' expectations, but Treasury prices sank on profit-taking and rumours of selling by Asian and Latin American central banks.

"The government is fully prepared of the positive contribution of the strip market to increase liquidity of debt market issues," Mr Ferrer said.

Mr Henrik Lunnholm, chief economist at Bank of America in Madrid, said under the current tax regime, strips would be taxed on a daily basis.

Mr Ferrer said institutional changes to enhance the market should be made in the next few months.

Mr Ferrer also said Spain was increasing short-term funding ahead of European monetary union.

He believes long-term borrowing costs will be much lower once the country has joined the European single currency.

Spain started issuing six-month paper last month, for the first time since August 1995.

French bonds fell late in the session, in the wake of other European markets.

Matiff's December notional future settled at 125.84, down 0.60. In the cash market, the 10-year benchmark OAT fell 0.73 to 103.41.

Canadian bonds bucked the trend. A 25 basis point cut in the central bank's key interest rate to 3.75 per cent boosted the 10-year benchmark bond, which closed 0.07 higher at 102.750, yielding 6.62 per cent.

Matiff cuts coupon on notional future

By Samer Iskandar

French derivatives market, yesterday revealed new measures linked to European economic and monetary union.

The exchange said the coupon on its notional bond future would be reduced to current market levels.

Such a move was considered several years ago, but Matiff chose not to modify its contract to avoid disrupting trading.

Retail demand spurs sterling

INTERNATIONAL BONDS

By Corner Middelmann

The sterling eurobond sector was very active yesterday, spurred by the resurgence of continental European retail demand for shorter-dated sterling bonds in light of the currency's strong performance.

The European Investment Bank was quick to tap into this positive sentiment with a £250m offering of seven-year bonds priced at a tight spread of 3 basis points over the 6 per cent gilt due 2003 - equivalent to about two basis points below the yield curve.

In spite of the aggressive pricing, the bonds saw strong demand, especially from retail accounts in Switzerland and Germany but also from investors in Japan,

and some buying by UK fund managers.

The Bank of Scotland followed suit late in the day with £100m of three-year bonds, tapping into Swiss retail demand which has pushed the spread on Dresden Bank's £150m of bonds down to 12 basis points from 17 at launch last Friday.

While the Bank of Scotland is not a classic retail name, he said the bonds' 35-basis-point yield, well above most bonds in that maturity, was attracting Continental and UK demand.

The lira sector was also active, although the day's three new issues were damped by the sell-off in underlying government bonds.

fixed income trader at First Chicago Securities, said he expected Treasuries to continue to trade in a narrow range until there was some new data that gave investors a stronger sense about the direction of the US economy.

Simmering concerns over the eventual make-up of European monetary union finally boiled over into sharp losses in Spain and Italy.

Life's December BTP

future fell 1.28 to settle at 121.87, then hit a low of 121.31 in after-hours trading.

The December future on Spanish bonds closed at 106.29, down 1.20, while in the cash market the 10-year benchmark bond fell 1.35 to 105.78.

The Spanish market had risen steadily in the past three months on optimism that Spain could enter European monetary union in 1998.

over bonds has fallen from 440 basis points in September 1995, to 155 points last week.

Mr Kirit Shah, chief market strategist at Sanwa International, said the high yielders' setback was due to profit-taking, following continued critical comments from Bundesbank officials.

"Part of what we are witnessing is a delayed reaction to the Bundesbank's whipping campaign," he said.

New international bond issues

Table listing various international bond issues with columns for Issuer, Amount, Coupon, Price, Maturity, Yield, and Book-runner.

WORLD BOND PRICES

Table showing benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Sweden, UK Gilts, and US Treasury.

BOND FUTURES AND OPTIONS

Table showing bond futures and options for Italy, Germany, Spain, and Japan.

FTSE Actuaries Govt. Securities

Table showing FTSE Actuaries Govt. Securities with columns for Price Index, Yield, and Maturity.

UK Indices

Table showing UK Indices with columns for Index Name, Current Value, Change, and High/Low.

US INTEREST RATES

Table showing US Interest Rates for Treasury Bills and Bonds.

UK

Table showing UK interest rates for various maturities.

FT/ISMA INTERNATIONAL BOND SERVICE

Table showing FT/ISMA International Bond Service with columns for Issued, Bid, Offer, and Yield.

FT Fixed Interest Indices

Table showing FT Fixed Interest Indices with columns for Index Name, Current Value, Change, and High/Low.

France

Table showing France bond prices and yields.

Germany

Table showing Germany bond prices and yields.

Japan

Table showing Japan bond prices and yields.

Other Fixed Interest

Table showing other fixed interest rates.

UK Gilts Prices

Large table showing UK Gilts Prices with columns for Maturity, Yield, and Price.

Other Fixed Interest

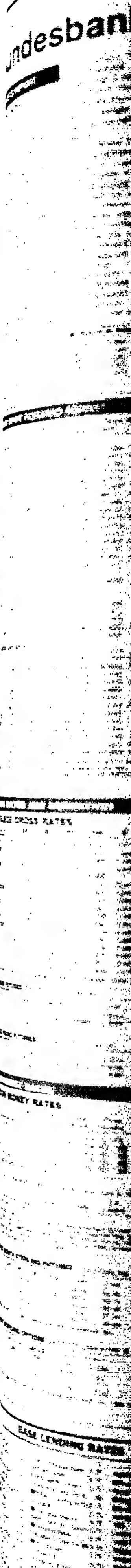
Table showing other fixed interest rates for various countries and maturities.

Other Fixed Interest

Table showing other fixed interest rates for various countries and maturities.

Other Fixed Interest

Table showing other fixed interest rates for various countries and maturities.





CURRENCIES AND MONEY

Bundesbank view on EMU hits lira

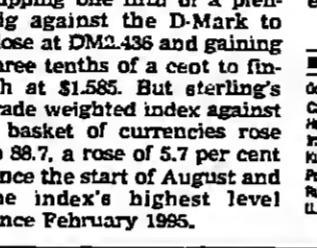
Mr Hans Tietmeyer, the Bundesbank president, had told the French newspaper Le Monde that one-off measures by European countries to cut budget deficits would not be enough to gain them entry.

Mr Hans-Juergen Koehn, a member of the Bundesbank's council, said Italy and Spain would probably not be among the first group of countries joining the currency union in 1999, but should be among the second group joining before 2002.

The Bank of Canada's 18th rate cut in less than 18 months left the Canadian dollar virtually unchanged at \$1.5545, because the market had already discounted the 25 basis points reduction in the key Bank Rate to 3.75 per cent.

Most currency analysts expected the pound to resume its upward path soon, but added that it had further to rise against the D-Mark group of currencies than against the dollar, where \$1.60 was seen as the ceiling.

Mr Jeremy Hawkins, chief economic adviser at the Bank of America in London, said "Given the fact that the current account is as strong as it is at the moment I think DM2.50 is likely sooner rather than later. And the government is probably quite willing to see it up there. The last thing they want is interest rates to be hiked ahead of a general election."



Mr Kit Juckes, analyst at NatWest Markets, said "I can see the pound reaching DM2.50 by Christmas. I can't see it holding there."

Such a move would have several effects. The pound would be seen as a more attractive currency to trade in. It would also mean a change in the way the pound is used in the UK.

MARKETS REPORT

The D-Mark jumped against the Italian lira yesterday after Bundesbank directors repeated their warnings that strict fiscal and monetary criteria should be applied to currencies wanting to join European monetary union.

STERLING

Strong UK economic data, which suggested that interest rates would need to rise soon, failed to increase sterling's gains of the past three months. The pound traded against the D-Mark at 2.50, slipping one fifth of a penny against the D-Mark to close at DM2.438 and gaining three tenths of a cent to finish at \$1.5585.

OTHER CURRENCIES

Against the D-Mark (DM per £) Sterling rose to 2.4385, up from 2.4380 on Wednesday. The Swiss franc rose to 1.6025, up from 1.6020. The Japanese yen rose to 155.80, up from 155.70.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies (Belgium, France, Germany, etc.) with columns for 1 month, 3 months, 6 months, and 1 year rates.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms (3 months, 6 months, 1 year).

POUND SPOT FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against the pound for various currencies (Australia, Canada, etc.).

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against the dollar for various currencies (Australia, Canada, etc.).

CROSS RATES AND DERIVATIVES

Table showing cross rates and derivatives for various currencies (Belgium, Denmark, etc.).

UK INTEREST RATES

Table showing UK interest rates for various terms (Overnight, 7 days, 1 month, etc.).

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European currency unit rates for various currencies (Belgium, Denmark, etc.).

BASE LENDING RATES

Table showing base lending rates for various banks (Admiral & Company, Allied Trust Bank, etc.).

NON-FERM MEMBERS

Table showing non-FERM members and their interest rates.

THREE MONTH STERLING FUTURES

Table showing three month sterling futures prices and changes.

THREE MONTH STERLING OPTIONS

Table showing three month sterling options prices and changes.

THREE MONTH EURO-DOLLAR

Table showing three month Euro-dollar rates and changes.

US TREASURY BILL FUTURES

Table showing US Treasury bill futures prices and changes.

EUROBANK OPTIONS

Table showing Eurobank options prices and changes.

EUROBANK CALLS

Table showing Eurobank call options prices and changes.

WORLD INTEREST RATES

Table showing world interest rates for various countries and currencies.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies.

LIBOR FT LONDON

Table showing LIBOR FT London rates for various currencies and terms.

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Italy, the fall... Matif coupon... futures... Matif coupon... futures... Matif coupon... futures... Matif coupon... futures...

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COMMODITIES AND AGRICULTURE

Delays push up Kennecott smelter costs

By Kenneth Gooding in Salt Lake City
Kennecott Corporation, the US subsidiary of RTZ-CRA, the world's biggest mining group, yesterday admitted that delays to its new US smelter-refinery project have pushed up costs by 14 per cent, from \$880m to \$1bn.

molybdenum - to roughly 25 cents a pound, among the lowest in the industry. Mr Bob Cooper, Kennecott's president, gave an indication of the impact when he revealed that earnings in the first half of 1996 would have nearly tripled from the reported net attributable \$59m to \$159m.



The Bingham Canyon smelter-refinery project should be operating at full capacity by 1997

where molten metal is cooled and formed into slabs. Mr George said the anode plant had "not performed acceptably at all so far". He blamed this partly on an "inexperienced" team of engineers allocated to the project by Sumitomo, of Japan, which designed the plant. Mr George said a special task-force drawn from across the RTZ-CRA group, as well as some outside consultants, had been set up to tackle the problem.

"Basically, we are reconstructing the plant," he said. Mr George said the anode plant was not a high-tech operation and he was confident Kennecott would meet the latest target for full capacity working. Mr Bruce Farmer, the president of Kennecott Utah Copper Corporation, said there was nothing fundamentally wrong with the smelter or its technology, but admitted that the original commissioning targets had been too optimistic. "It will be a success - I have no doubt about that," he insisted.

The company has insurance covering interruption to business and loss of profit and is in negotiations with its insurers. In spite of the delays, Kennecott's copper output this year is forecast to fall by less than 2.5 per cent to 373,000 short tons and gold production to rise by 10 per cent to 995,000 troy ounces.

Timor Sea oilfields closer to start-up

By Nikki Tait in Sydney
Development of the Elang and Kakatua oilfields in the Timor Sea moved a step closer yesterday after two junior partners in the project approved a A\$90m (US\$71m) plan to bring the fields on stream.

Petroz and Santos, two Australian-listed groups with stakes of 21.4 per cent and 14.9 per cent, respectively, in the fields, said they had given the go-ahead. The development plan will now go for approval to the joint authority, which oversees the "zone of co-operation" area in the Timor Sea under a treaty between Australia and Indonesia. Santos said production could start in mid-1998, if all went smoothly. The fields are estimated to contain around 17m barrels of proved and probable reserves, and lie around 480km north-west of Darwin.

COMMODITIES NEWS DIGEST

Banana farmers return to work

A rebel banana-farmers' union in St Lucia has ended a two-week strike which had affected fruit exports from the Windward Islands, the main source of UK imports. The Banana Salvation Committee said it was ending the strike following meetings with a government-appointed committee which proposed restructuring the industry on the island, the biggest exporter in the Caribbean. The union has been asking for changes in the administration of the banana industry, with farmers having more control. It also said it wanted to be allowed to sell its bananas to any marketer, including Chiquita Brands of the US. Farmers in the four islands are contractually bound to sell export fruit to their regional marketing agency.

Swiss in soybean protest

Switzerland's two biggest food retailers, which control 45 per cent of the Swiss market, are demanding that US soybean producers separate new genetically altered beans from the conventional crop. Migros, the largest Swiss retailer with 24 per cent market share, and Co-op Schweiz, the number two retailer, said consumers wanted to know what was in their food. Europe is due for its first shipments of genetically-altered soybeans - developed by US chemicals group Monsanto - later this year from the new harvest. Soybeans, soy oil and derivatives are used in some 30,000 food products, including confectionery and margarine. Migros and Co-op spoke out three weeks after EuroCommerce, representing food retailers and wholesalers in 20 European countries, warned that European consumers could shun this year's US soybean harvest unless gene-modified strains were labelled. "We are urging our suppliers to push for a separation [of genetically altered soybeans]," said Migros. The US grain industry says it would be costly and impractical to separately handle crops indistinguishable from traditional varieties.

Inmet suspends copper project

Inmet, the Canadian mining group, has finally suspended pilot operations at its Copper Range project in Michigan because of regulatory uncertainty. It may take a write-down in the third quarter. Pressure from native and environmental groups has prompted the US Environmental Protection Agency to order a full-scale analysis that could take 18 months. Inmet has invested C\$15m in the solution mining project and said it will not spend more until the environmental uncertainties are cleared up. The property has potential annual capacity of 60m pounds. Inmet ended conventional mining at Copper Range in 1995 because of high costs.

Copper prices lose five days of gains

MARKETS REPORT
By Deborah Hargreaves and Robert Corzine
Copper prices slumped towards the bottom of their recent range yesterday, wiping out five days of gains. The price for three-month metal slid to \$1.909 a tonne in late trading, down from \$1.951 a tonne on Tuesday.

Mr William Adams, research analyst at Rudolf Wolff. Traders tried to push copper through a key technical barrier of \$1,970 a tonne on Tuesday, but failed. Analysts believe prices could move higher in the next couple of months, but that the longer-term trend is for weakness. Mr Angus MacMillan, research manager at Billiton, part of the GenCorp group, said 4m tonnes of capacity was due to come on stream from 1995 to 2000. This is expected to push the surplus of production over consumption to 300,000 tonnes next year.

Mr MacMillan is forecasting a drop in copper prices to an average of \$1,760 a tonne for next year. Aluminium fell \$15 to \$1,341 a tonne. Although the market is off its 2 1/2 year low of \$1,305 a tonne reached on October 10, it has failed to bounce as much as expected. "The market has paused, but consumers are still operating on a hand-to-mouth basis and could come back to the market in force," said Mr MacMillan.

Lead prices slipped \$11 to \$739 a tonne. The International Lead and Zinc Study group expects global lead consumption to grow by 2.7 per cent next year to 5.7m tonnes. It said supply of refined metal would exceed demand for the first time since 1994. Zinc demand, which set a new record last year, is expected to grow by 2.8 per cent in 1997 to 7.8m tonnes. A fall in prices dragged crude oil down yesterday after days of refined product-led increases.

Gas oil cargoes heading towards Europe. Heating oil prices came under pressure in the US in spite of a report from the American Petroleum Institute showing a lower than expected build-up of stocks. In late London trading Brent blend, the global crude benchmark, was around \$24.55 a barrel for November delivery, and \$24 a barrel for December shipments. Sugar prices have been weakened by poor demand in Europe and the possibility of surplus exports from Poland and India, according to E.D.&F. Man.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes LONDON METAL EXCHANGE, ALUMINIUM, COPPER, LEAD, ZINC, NICKEL, TIN.

Precious Metals continued

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes GOLD COMEX, SILVER COMEX, PLATINUM NYMEX, PALLADIUM NYMEX.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes WHEAT, BARLEY, SOYABEAN, MAIZE, RICE.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes COCOA, COFFEE, SUGAR.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes LIVE CATTLE, PORK BELLIES, CHICKEN.

LONDON TRADED OPTIONS

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes ALUMINIUM, COPPER, BRENT CRUDE, COCOA, COFFEE, SUGAR.

JOTTER PAD

A collection of short news snippets and market updates, including mentions of oil prices, copper, and various commodities.

ENERGY

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes CRUDE OIL NYMEX, HEATING OIL NYMEX, NATURAL GAS NYMEX, GAS OIL NYMEX.

PRECIOUS METALS

Table with columns: Metal, Price, Change, High, Low, Vol, Open. Includes LONDON BULLION MARKET, GOLD, SILVER, PLATINUM, PALLADIUM.

FUTURES DATA

Table with columns: Commodity, Price, Change, High, Low, Vol, Open. Includes WHEAT, SOYABEAN, MAIZE, RICE, SUGAR, COFFEE.

INDICES

Table with columns: Index, Price, Change, High, Low, Vol, Open. Includes FTSE 100, DAX, Nikkei, etc.

VOLUME DATA

Table with columns: Commodity, Volume, Change, High, Low, Vol, Open. Includes WHEAT, SOYABEAN, MAIZE, RICE, SUGAR, COFFEE.

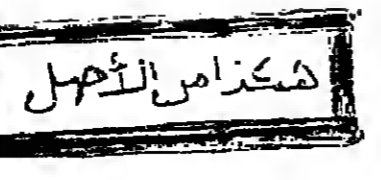
CROSSWORD

Crossword puzzle grid with clues and a solution key provided at the bottom.

Garage Scramble word search puzzle with a grid and a list of words to find.

Handwritten signature or mark at the bottom of the page.

NEWS DIGEST  
farmers to work  
bean protest  
copper price



# FT MANAGED FUNDS SERVICE

Offshore Funds

FT Cityview Unit Trust prices are available over the telephone. Call the FT Cityview Help Desk on (+44 171) 873 4378 for more details.

Country	Fund Name	ISIN	Units	Price	Change
BERMUDA (SIB RECOGNISED)	ABN AMRO Bermuda Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Bermuda Fund	0141 729200	100	10.50	+0.10
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	ABN AMRO Bermuda Fund	0141 729200	100	10.50	+0.10
GUERNSEY (SIB RECOGNISED)	ABN AMRO Guernsey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Guernsey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Guernsey Fund	0141 729200	100	10.50	+0.10
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	ABN AMRO Guernsey Fund	0141 729200	100	10.50	+0.10

The Financial Times  
plans to publish a Survey on  
**Jordan**  
on Friday, October 25

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**Tina McGorman**  
Tel: 0171 873 4816  
Fax: 0171 873 3595

FT Surveys

Country	Fund Name	ISIN	Units	Price	Change
ISLE OF MAN (SIB RECOGNISED)	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
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	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Isle of Man Fund	0141 729200	100	10.50	+0.10
JERSEY (SIB RECOGNISED)	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
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	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10
	ABN AMRO Jersey Fund	0141 729200	100	10.50	+0.10

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

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LUXEMBOURG (SIB REGIMED)

Table listing various offshore funds and insurance products under the Luxembourg (SIB Regimed) section, including fund names, ISIN numbers, and performance metrics.

FT MANAGED FUNDS SERVICE

Table listing various offshore funds and insurance products under the FT Managed Funds Service section, including fund names, ISIN numbers, and performance metrics.

FT MANAGED FUNDS SERVICE

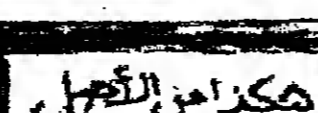
Table listing various offshore funds and insurance products under the FT Managed Funds Service section, including fund names, ISIN numbers, and performance metrics.

FT MANAGED FUNDS SERVICE

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FT MANAGED FUNDS SERVICE

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 873 4978 for more details.

Main table listing various fund categories such as Global, UK, and Offshore funds, with columns for fund names, prices, and performance metrics.

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OTHER OFFSHORE FUNDS

Table listing other offshore funds including ATSP Management Ltd, AXA Asset Management, and others.

MANAGED FUNDS NOTES: Please note that prices are indicative and not guaranteed. The fund manager is not responsible for any loss of capital.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

CHEMICALS

Table listing companies in the Chemicals sector.

CHEMICALS - Cont.

Continuation of Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt sector table.

ENGINEERING

Table listing companies in the Engineering sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

ENGINEERING - Cont.

Continuation of Engineering sector table.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

FOOD PRODUCERS - Cont.

Continuation of Food Producers sector table.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INV TRUSTS SPLIT CAPITAL

Table listing companies in the Inv Trusts Split Capital sector.

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Table listing companies in the Inv Trusts Split Capital sector.

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Table listing companies in the Inv Trusts Split Capital sector.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

Table listing companies in the Investment Trusts sector.

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Table listing companies in the Investment Trusts sector.

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Table listing companies in the Investment Trusts sector.

Table listing companies in the Investment Trusts sector.

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LONDON SHARE SERVICE

MY TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for Name, Price, and % Chg.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Chg.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Chg.

RETAILERS, FOOD

Table listing retailers and food companies with columns for Name, Price, and % Chg.

TELECOMMUNICATIONS - Cont.

Table listing telecommunications companies with columns for Name, Price, and % Chg.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for Name, Price, and % Chg.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Chg.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Chg.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Chg.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Chg.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Chg.

AMERICANS

Table listing American companies with columns for Name, Price, and % Chg.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Chg.

MEDIA

Table listing media companies with columns for Name, Price, and % Chg.

PROPERTY

Table listing property companies with columns for Name, Price, and % Chg.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Chg.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Chg.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Chg.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Chg.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Chg.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Chg.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Chg.

WATER

Table listing water companies with columns for Name, Price, and % Chg.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Chg.

MY TRUSTS SPLIT CAPITAL

Table listing investment trusts with columns for Name, Price, and % Chg.

OTHER FINANCIAL

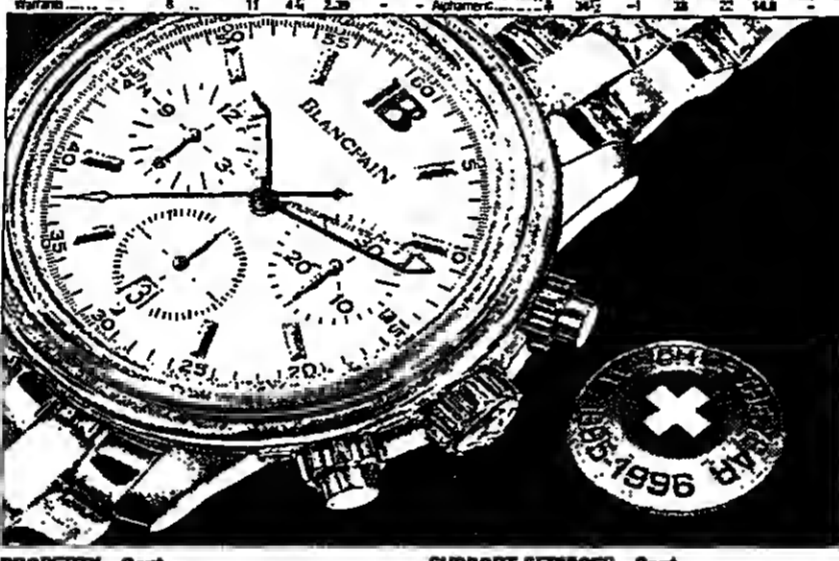
Table listing other financial companies with columns for Name, Price, and % Chg.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Chg.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Chg.



GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service... This service is available to companies whose shares are regularly traded in the United Kingdom for a list of FT300 a year for each security shown, subject to the Editor's discretion.

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LONDON STOCK EXCHANGE

Inflation fears re-ignite and unsettle shares

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

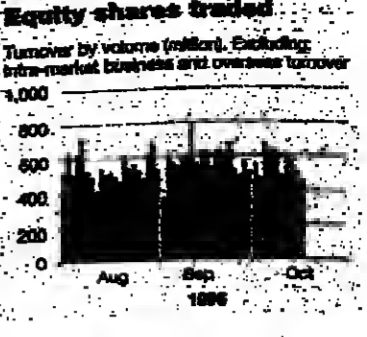
An increasingly volatile Wall Street, plus some disturbing UK economic data, brought the London market's upward march to an abrupt halt yesterday.

The lacklustre sentiment in the leaders filtered through to the second-rank stocks, where the FTSE 250 slipped 10.7 to 4,382.2, but there was little or no sizeable selling of the small caps.

Mr Richard Jeffrey, group economist at Charterhouse Bank, said: "The economic situation in the UK is looking increasingly worrying. A tightening of monetary policy might be a good thing."

City dealers were ruffled, but by no means disheartened, by the day's events. One head trader said he viewed the setback in share prices as "an orderly pause in proceedings, not a retreat."

He also said that the market had got used to taking 30-point drops in its stride and it now had to get used to 60-point moves.



Indices and ratios table showing FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, and FTSE All-Share yield.

Best performing sectors table listing Gas Distribution, Alcoholic Beverages, Retailers, and Leisure & Pubs & Rest.

FTSE 30 table showing Dec, Mar, Jun, and Sep values for FTSE 30, FTSE Non-Fin p/e, FTSE 100 Fut Dec, 10 yr Gilt yield, and Long gilt/equity yield ratio.

Worst performing sectors table listing Electronic Elec, Tobacco, Insurance, Oil, and Electricity.

Options boost Allied

By Peter John and Lisa Wood

Allied Domecq was top performer on the FTSE 100, rising 25% to 482 1/2 after a squeeze on the stock in the afternoon.

News that the French government has picked Lagardere rather than Alcatel as the bidder for Thomson CSF hit GEC and helped British Aerospace.

Waterstones and the US airport retailing business. DFS Furniture fell 22 to 514 1/4, after news that Sir Graham Kirkham, the executive chairman, and family trust beneficiaries may, subject to market conditions and price, sell a significant proportion of their 22 per cent holding.

Standard & Poor's. The credit rating agency raised the pharmaceutical company's term rating to AA from AA minus, and said the outlook was stable.

Healthcare group Innovative Technologies jumped 16 to 158 1/2 after impressing the market with its interim figures.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LFFE) £25 per full index point (AP) table with Dec, Mar, Jun, and Sep values.

FTSE 250 INDEX FUTURES (LFFE) £10 per full index point table with Dec, Mar, Jun, and Sep values.

FTSE 100 INDEX OPTION (LFFE) £25 per full index point table with Dec, Mar, Jun, and Sep values.

EURO STYLE FTSE 100 INDEX OPTION (LFFE) £10 per full index point table with Dec, Mar, Jun, and Sep values.

TRADING VOLUME

Major Stocks Yesterday table listing companies like BAA, British Airways, BT, and their trading volume, closing price, and daily change.

Imperial Tobacco dropped 5 to 386p after Credit Lyonnais published a "sell" note on the stock.

SEAG Bearings, Equifax, and Equifax Group were also among the top performers.

FT 30 INDEX table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

FTSE 350 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

FTSE 100 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

FTSE 250 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

FTSE 350 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

Behind the genuine market interest lay a more nebulous twist to the now ancient story that Roche of Switzerland is interested in making an offer for Zeneca.

Imperial Tobacco dropped 5 to 386p after Credit Lyonnais published a "sell" note on the stock.

FTSE 100 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

FTSE 250 table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

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FTSE All-Share table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

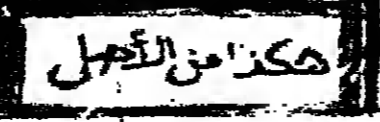
FTSE All-Share Yield table showing values for Oct 15, Oct 16, Oct 17, Oct 18, Oct 19, Oct 20, Oct 21, Oct 22, Oct 23, Oct 24, Oct 25, Oct 26, Oct 27, Oct 28, Oct 29, Oct 30, Oct 31, and Yr ago.

United Cinemas International Multiplex B.V. £240,000,000 Multiple Currency Revolving Credit Facility. Includes logos for UCI and Bank of America, and details of lead and co-arrangers.

FTSE Actuaries Share Indices table showing various indices like FTSE 100, FTSE 250, FTSE 350, and FTSE All-Share with their respective values and changes.

FTSE Actuaries Industry Sectors table showing values for various sectors like Mineral Extraction, Chemicals, and Pharmaceuticals.

FTSE INTERNATIONAL logo and contact information for the FTSE Actuaries Share Indices.





Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Table of stock market data for Europe, including indices like FTSE 100 and DAX, and various regional market movements.

Table of stock market data for Asia, including indices like Nikkei 225 and Hang Seng, and regional market movements.

Table of stock market data for the Americas, including indices like S&P 500 and Dow Jones, and regional market movements.

Table of stock market data for Africa, including indices like FTSE Africa and regional market movements.

Table of stock market data for Oceania, including indices like ASX 200 and regional market movements.

Table of stock market data for Europe (continued), listing various national indices and market performance.

Table of stock market data for Asia (continued), listing various national indices and market performance.

Table of stock market data for the Americas (continued), listing various national indices and market performance.

Table of stock market data for Africa (continued), listing various national indices and market performance.

Table of stock market data for Oceania (continued), listing various national indices and market performance.

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Table of stock market data for Africa (continued), listing various national indices and market performance.

Table of stock market data for Oceania (continued), listing various national indices and market performance.

Advertisement for Peregrine, featuring an eagle and the text 'Money Talks in Asia. We speak Asia's language. Peregrine is a leader in Asian corporate and project finance, direct investment and asset management.'

Advertisement for US Indices, featuring a bar chart and text describing market performance and indices.

Advertisement for Tokyo - Most Active Stocks, featuring a table of stock prices and market activity.

Advertisement for North America, featuring a table of stock prices and market activity.

Bottom section containing various market news, commentary, and additional data tables.

NEW YORK STOCK EXCHANGE PRICES

4 pm close October 16

Main table of stock prices with columns for stock name, price, change, and volume. Includes sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

Advertisement for Hewlett-Packard with the text 'If the business decisions are yours, the computer system should be ours.' and 'http://www.hp.com/computing'.

Continued on next page

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'V', 'W', 'T', 'U', and 'Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'L', 'R', 'S', 'M', 'F', 'G', 'N', 'T', 'O', 'P', 'Q', 'J', 'K', 'Y', and 'Z'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

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Dow falls despite earnings reports

AMERICAS

Profit-taking and worries about the pace of earnings growth continued to take their toll of the US equity market at mid-session...

was small in the context of the rise of more than \$10 in the personal computer maker since the start of the month...

Bre-X Minerals tumbled \$33 to \$319.95 as questions became more insistent about the ownership of its gold mine in Indonesia...

EUROPE

Mixed views on carmakers, country by country, left German equities more resilient to the Dow than their French counterparts...

the end of the French rebate scheme which boosted new car sales earlier this year, falling FF14, or 2.4 per cent, to FF19.80...

FTSE Actuaries Share Indices

Table with columns: Index Name, Open, High, Low, Close, Change. Includes FTSE 100, FTSE 250, FTSE 350, FTSE 400, FTSE 500, FTSE 600, FTSE 700, FTSE 800, FTSE 900, FTSE 1000.

expiry of a put warrant in December and rose BFR6 to BFR2,470, UCB, the drugs group, rose BFR1,300 to BFR6,400...

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Table with columns: Market, No. of stocks, Dollar terms (Oct 11, % Change, 1996 over week on Dec '95), Local currency terms (Oct 11, % Change, 1996 over week on Dec '95).

ASIA PACIFIC

Talk in MANILA that the Filipino government would soon make a public offer of its 30 per cent stake in Manila Electric (Meralco) pushed Meralco A shares up by 4 pesos to 104 pesos...

rose by 1.85 to 1,462.49. Traders noted an influx of money from US mutual funds, but said domestic investors had started to retreat from the buy side...

added 83.76 to 21,921.77 in volume of 15.7m shares. TAIPEI dropped as the market's recent inability to break resistance opened a late floodgate of profit-taking...

Shanghai's hard currency B shares slipped, investors were reluctant to commit more cash and the index closed 0.410 lower at 48.87.

Dhaka looked braced to test record territory again yesterday as retail buying revived after the market's short and sharp 10 per cent correction earlier this week...

The 225 average eased 32.74 to 21,397.19 after moving between 21,364.24 and 21,478.04. Volume slipped to an estimated 307m shares from 347m after a year's low of 187m on Monday.

TOKYO finished slightly lower on profit-taking following a robust Tuesday which drove the Nikkei average to its fourth-biggest leap of the year, writes Owen Robinson.

AND WHILE certain items in the social welfare budget do not affect many people, others have an impact on large sections of the population. In terms of the number of beneficiaries and the scale of expenditure that is required...

However, the need to restructure the social welfare budget should not be allowed to obscure the fact that maintaining the social safety net entails not only economic costs but benefits as well. Medical care sustains or restores the capacity to work.

FT/S&P ACTUARIES WORLD INDICES

Table with columns: Country, US Dollar Index, Day's Change, % Change, 1996 over week on Dec '95, Local Currency Index, % Change, 1996 over week on Dec '95.

SOUTH AFRICA

Profit-taking, a weak rand and worries about Wall Street left Johannesburg lower. The overall index fell 50.2 to 7,022.9, industrials fell 45.8 to 8,260.2 and golds gave up 28.4 to 1,695.1. Liberty Life lost R4 to R132.

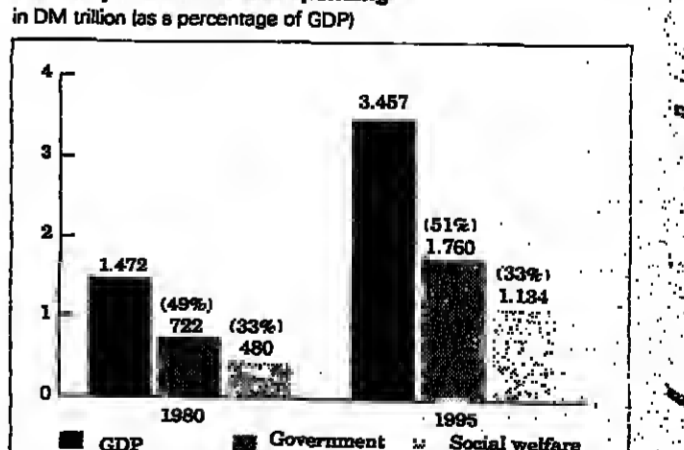
VIEWPOINT

Commerzbank's focus on German and European economic issues 10/96

Germany's austerity package: removing the taboos

The German federal government's recent austerity package will not only lower the fiscal deficit but also reduce labour costs considerably in an effort to promote economic growth and job creation. Of the proposed savings of DM70bn, roughly DM20bn represent cuts in benefits financed from the "social welfare budget"...

Efforts to overhaul the system of social welfare should now focus on making the burdens which it imposes more bearable and on improving Germany's international competitiveness. It is essential that all segments of society become actively involved in the debate on the future role of the welfare state.



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